

# CURRENT HISTORY

A WORLD AFFAIRS JOURNAL

DECEMBER, 1987

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# Current History

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# Current History

DECEMBER, 1987

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*In 1987, major political developments have taken place in Central America, including the exposure of the extent of United States involvement in Nicaragua. More recently, the proposed Central American peace plan has been receiving worldwide attention. As our introductory article points out, "At least momentarily, the peace initiative has shifted from Washington to the regional governments [of Central America] and their opponents. While much of this reversal is of the Reagan administration's making, part of it stems from the democratization in Central America that the White House has applauded."*

## United States Policy in Central America

BY ELDON KENWORTHY

*Professor of Government, Cornell University*

As the federal government reckons time, which is in fiscal years, 1987 began on October 1, 1986, with the administration of Ronald Reagan confident of its approach to Central America. Just months before, Congress had approved full military aid to the Nicaraguan contras, having refused to do so throughout 1984, 1985 and the first half of 1986. As the November congressional election loomed, Democratic resistance to the President's Central American policy wilted, less because public opinion had shifted—polls continued to register more opposition than support for United States military aid to the contras—than because Democrats seemed tongue-tied in the face of media campaigns that reduced Central America to a matter of being hard or soft on "communism." Inside the bureaus of the federal government, as the *Washington Post* commented at the time, "the relevant intelligence, military and diplomatic experts" moved to "a kind of war footing." "[T]he aid package for antigovernmental rebels, known as contras," the *Post* predicted, "will involve far more money than the \$100 million approved by the House."<sup>1</sup>

<sup>1</sup>Joanne Omang, "The Winds of War Blow Through Washington," *The Washington Post National Weekly Edition*, July 28, 1986, p. 9.

<sup>2</sup>Neil Postman, "All the News That Wiggles," *The Washington Post National Weekly Edition*, March 30, 1987, p. 35.

<sup>3</sup>William LeoGrande, "The Contras and Congress," in Thomas Walker, ed., *Reagan Versus the Sandinistas* (Boulder: Westview Press, 1987), p. 213.

<sup>4</sup>"Transcript of the President's Speech," *The New York Times*, March 17, 1986, p. A17.

<sup>5</sup>"Inside Washington," *Human Events*, March 1, 1986, p. 1. In 1987, Channel pleaded guilty to improper use of tax-exempt contributions to the National Endowment for the Preservation of Liberty, which he headed.

<sup>6</sup>Omang, op. cit.

An administration that had won reelection handily in 1984 by running its campaign as a multimedia blitz—"they thought as movie directors do," recalled Dan Rather<sup>2</sup>—employed similar tactics to corner congressional opposition on Central America. Throughout the first half of 1986, "the administration went all out to win its full request. President Reagan spoke on the subject constantly."<sup>3</sup> Prime-time televised speeches from the Oval Office, replete with fancy graphics, reduced the Central American problem to the "cancer" that was the Sandinistas, while reducing Nicaragua to a Soviet "beachhead in North America." Since the President claimed that "all the elements of international terror" were "gathered in Nicaragua," supporting the contras in their battle to topple the Sandinistas was a way for Americans to strike back at all that vexed them, including drug traffickers, illegal immigrants, "Arafat, Qadhafi, and the Ayatollah Khomeini," as the President spelled out the situation in a March, 1986, speech.<sup>4</sup>

Unusually active on this issue, President Reagan courted Congress and greeted the wealthy conservatives Oliver North brought to the White House—conservatives from whom Carl "Spitz" Channel extracted funding for the television "spots" that showed Soviet missiles rising from Nicaragua, and "American boys" sent to fight there, should Congress fail to "act while there's still time."<sup>5</sup>

With a victory over Congress achieved through this political equivalent of a full-court press, the administration felt it had finally brought the nation around. Secretary of State George Shultz noted a "long-term shift of view": "We're seeing a growing breadth of support for the . . . [Reagan administration's] policy in Central America."<sup>6</sup> Similar shifts were described taking place in-

side Central America. "Winds," "tides" and "waves" of democracy and development laced Reagan administration rhetoric. According to the President, Nicaragua was "the one tragic, glaring exception" to these positive trends.<sup>7</sup> But the contras would take care of that. "Contras see aid bringing victory in a year," proclaimed an August, 1986, headline in the *Washington Post*. Off the record, United States officials spoke of the Salvadoran war as having been virtually won.

One year later, the euphoria was gone. As the 1988 fiscal year opened in October, 1987, Washington's policy was back to reactive mode, with senior officials "arguing in public and private over what the administration should do."<sup>8</sup> Splits between the State Department and the Defense Department, between the President and the Vice President, between the White House and Congress, and between one presidential statement and another dominated the news, especially in August, 1987, as President Reagan retreated to his California ranch. "We're getting beaten over the head from all sides," said one presidential aide.<sup>9</sup>

What had happened? The Iran-contra scandal, for one thing; a peace initiative that escaped White House control, for another. Before tracing these contretemps, however, we should reflect on what this sudden shift says about United States policy. How solid and clear was the consensus that, a year earlier, permitted "the relevant intelligence, military and diplomatic experts" to go onto "a kind of war footing"?

The victory the Reagan administration had achieved, in the summer and fall of 1986, was a triumph of media skills. Support from the public increased after each televised speech thumping "the Russians are coming." But such support proved thin and short-lived. Outside the sun belt, most United States citizens frankly did not think Central America was worth risking "American lives." Perhaps they doubted the President's assurances that a problem described as a Kremlin intent on "turning Central America into a string of anti-American, Soviet-styled dictatorships" could be solved by an ineffective, unpopular contra army.<sup>10</sup> Pollsters detected "a strong

aversion to the region that goes from misinformation to racism."<sup>11</sup>

The public's response, then, was thin and confused, leaving politicians with the feeling that the next wind might blow their constituents 180 degrees. By skillfully framing the debate, the White House backed congressional opponents into a corner from which they could not escape without puncturing conventional wisdom. If Marxism in Central America is unacceptable, as everyone seemed to agree, then the Sandinistas must be defeated. If the United States had made a commitment to the contras, then "abandoning" them would damage United States credibility. Once the premises were accepted, the conclusions were unavoidable. Yet, had they been given the choice, many in Congress who voted with the President that summer might have answered "none of the above" to the options offered them. As reelection time approached, Congress moved to bury a contentious issue that many saw politically as a no-win situation. Congress appeared to have been "turned around" when the Reagan administration, in fact, had won by four votes in the Senate and twelve votes in the House. Skepticism regarding the President's strategy remained high.

For the few in Congress and in the nation who actually followed events in Central America, the "winds" and "tides" of progress were hard to discern, leaving them doubtful that the Reagan administration knew what it was doing. Per capita income continued its slide throughout the region, while external debt grew along with inflation. "Central America is in its worst economic crisis [in] this century," concluded *The New York Times*, with most workers receiving "little more than one dollar a day in economies that require at least that much, at the most marginal level of existence, to feed a family of four."<sup>12</sup> United States embassy reports from El Salvador, Guatemala and Honduras placed unemployment and underemployment at over 40 percent—in work forces where forming unions was dangerous under "democratic" regimes.<sup>13</sup> While massive injections of United States economic aid bought Washington diplomatic leverage, it was hard to discern what else it achieved.

Since 1979, Washington has poured \$2.5 billion into El Salvador, a nation of six million inhabitants. Washington's aid has grown to be some 80 percent of the government's budget.<sup>14</sup> Yet "today wealth is more concentrated in even fewer hands than before," according to a dean of El Salvador's National University. Concluded *The New York Times*: "after three years of formal electoral democracy, the average Salvadoran feels worse off."<sup>15</sup> With their March, 1987, attack on the El Paraíso garrison, the Salvadoran guerrillas made it clear that their obituary was premature. The tunnel took varying forms in the different Central American republics but, whatever the shape, the light at the end was not bright. The administration's solutions to Central America's problems were disrupting trade, generating refugees, digging the

<sup>7</sup>Excerpts from the President's Speech . . . , *The New York Times*, June 25, 1986, p. A12.

<sup>8</sup>Joel Brinkley, "Reagan Latin Plan: Hole Gets Deeper," *The New York Times*, August 15, 1987, p. A5.

<sup>9</sup>Ibid.

<sup>10</sup>Reagan Criticizes the Latin Debate," *The New York Times*, April 18, 1984, p. A13.

<sup>11</sup>Stanley Greenberg, as quoted by David Moberg, "The Grassroots Push to End Contra Aid," *In These Times*, September 2, 1987, p. 2.

<sup>12</sup>James LeMoyné, "In Long-Suffering Central America . . . ," *The New York Times*, September 8, 1987, p. A14.

<sup>13</sup>Ibid.

<sup>14</sup>*Latin American Monitor: Central America*, vol. 4, no. 5 (June, 1987), p. 425.

<sup>15</sup>James LeMoyné, "Rebels Gain While Duarte Flounders," *The New York Times*, July 26, 1987, p. E2.



countries deeper into debt, and rendering civilian control of the militaries more problematic.

Congressional approval of \$100 million in contra aid in mid-1986 threw switches that released multiples of that amount. New United States military maneuvers in Honduras were planned for the spring of 1987, after a lull. Contra training and arming escalated. The Reagan administration moved to quiet Honduras's qualms about control bases on its territory by reversing stated policy and becoming the first country to introduce advanced jet aircraft into the region. Pressure was applied to Costa Rica not to hinder contra use of its territory for a southern front. The thrust of United States policy was clear: to apply military pressure to the Sandinistas to the point where they either collapsed or sued for peace on Washington's terms.

While the White House advertised its military offensive as a means to achieve a negotiated solution, the Reagan administration showed no interest in reviving bilateral or multilateral talks. The "negotiated solution" the President sought apparently remained the "if they'd say uncle" outcome mentioned during an unguarded moment at a 1985 press conference.<sup>16</sup> In short, while the White House would settle for a technical instead of an actual knockout, it gave no indication of accepting anything short of victory.

Then United States policy began to unravel. On October 5, 1986, a C-123 transport plane carrying supplies for the contras was shot down over Nicaragua. The American mercenary who survived the crash, along with evidence found on the aircraft, linked the supply operation to El Salvador's Ilopango airbase, where the United States Central Intelligence Agency (CIA) and the United States military were active. One month later, a Lebanese magazine published reports of secret United States arms shipments and diplomatic missions to Iran. On November 25, Attorney General Edwin Meese publicly confirmed that funds from the Iranian arms sales had been diverted to the contras. "Contragate" was out of the bag.

With the House Intelligence Committee in the lead, Congress took the advice of Watergate's "Deep Throat" and "followed the money." If the Iranian end of the scandal raised questions of judgment, the Nicaraguan end raised questions of legality. Congressional hearings during the summer of 1987 disclosed the fact that ranking United States officials either participated in, or knowingly assented to, the use of United States-contracted equipment and personnel to resupply the contras militarily during the months when the second Boland Amendment was in effect.

National Security Adviser Admiral John Poindexter had counseled Colonel North not to put anything in writing regarding the diversion of funds to the contras, and

had congratulated him on deceiving Congress in August, 1986. Searching through Colonel North's papers after the crisis broke, however, Justice Department officials found one memorandum that, to North's consternation, mentioned the diversion. (The Attorney General's handling of the investigation, intentionally or not, had given the colonel an opportunity to shred incriminating documents.) Without that one document, Assistant Secretary of State for Hemispheric Affairs Elliott Abrams might still be denying what, under the weight of evidence, he finally admitted knowing all the while: that the administration was involved in resupplying the contras militarily although that was contrary to a law Congress had passed and the President had signed.

The "can do" attitude that had catapulted the politically inexperienced Colonel North into a key role in Central American policymaking also proved attractive to a public raised on film and television cops, private eyes and cowboys who do what needs doing by circumventing the rules. However, North's popularity did not translate into lasting public support for the cause he championed. Before the July hearings, 67 percent of the public opposed military aid to the contras. By August 5, opposition had returned to 59 percent, with 36 percent supporting aid and 5 percent undecided.<sup>17</sup>

## NEGOTIATIONS

To sustain the contras in this altered climate, the White House returned to an earlier gambit. On August 4, it offered the Sandinistas a negotiated solution on White House terms, to be accepted by September 30. Under this plan, Washington would withdraw its military support for the contras if Cuba and the Soviet Union did the same for the Sandinistas. Full restoration of civil rights inside Nicaragua would occur immediately, before the contras disbanded, and a schedule for a new national election was demanded within 60 days.

Most observers, including United States officials familiar with the situation, saw the Reagan plan as a calculated effort to draw a Sandinista rebuff. Said one United States official, "If the White House had thought the plan was acceptable, they would have changed it." Secretary of State George Shultz turned down the Sandinista response, which was to request further discussion of the President's plan with members of the administration. Indicative of its being a ploy was the resignation of the President's chief negotiator for Central America, Philip Habib. The White House had grounded Habib precisely at the moment it said it wanted to give negotiations with the Sandinistas another chance.

While aimed at Congress, the timing of the Reagan initiative was influenced by a renewed surge in Central America for a negotiated solution. The Reagan plan was released as the five Central American Presidents gathered for a long-awaited meeting in Guatemala. Regional Presidents most beholden to the Reagan administration did not follow the standard script: they thanked the Presi-

<sup>16</sup>"President's News Conference . . .," *The New York Times*, February 22, 1985, p. A14.

<sup>17</sup>"Poll Indicates Drop in Public Support for Contras," *The New York Times*, August 7, 1987, p. A8.

dent for his initiative but signed the Central American plan rather than Washington's.\*

The "Central American" or "Guatemalan" or "Arias" plan—Costa Rica's new President Oscar Arias Sánchez had played a leading role—committed those governments to offer amnesty to their armed opponents and to open the political process to their unarmed opposition. All governments would withdraw support from "irregular forces" intent on "destabilizing" neighboring regimes. Civil liberties and opposition access to the media would be restored immediately, but national elections would occur as previously scheduled. (Washington had wanted Nicaragua to hold its elections immediately.) In the Arias plan, an election for a Central American Parliament would occur, however, in the first half of 1988. Both elections would be free and internationally monitored.

Otherwise, in the Arias plan the sitting governments were left to conduct their affairs as they saw fit. Deciding to receive foreign military aid and economic assistance was a decision left to each government, as long as such foreign assistance was not part of a strategy of subverting neighboring governments. Nicaragua could continue to turn to the Eastern bloc for aid and El Salvador to the United States. As was true of the Contadora plan, the Central American plan promoted peace and pluralism, but stopped short of underwriting the traditional United States hegemony that Washington sought to retain. The Arias plan recognized "the right of all nations to freely determine, without foreign interference of any kind, [their] economic, political, and social model." In short, a Marxist regime would be acceptable if it left its domestic opponents ample political tolerance and played by standard international rules.

While the Reagan plan singled out Nicaragua for reform, the Arias plan treated all five countries equally. That is, democracy for Nicaragua would be democracy for El Salvador and Guatemala. Standards would be regional, not imported, and applicable to all. This universality, a strength of the Arias plan, could prove its downfall. Unlike the Sandinistas, the regime of José Napoleón Duarte in El Salvador was beset by an armed opposition on the left and a legal opposition on the right, and it exercised uncertain control over its military. How the Arias plan would work in El Salvador seemed more problematic, at the time of writing, than how the plan would work in Nicaragua.

Problematic, too, was Washington's response. Caught off guard by the signing of the Arias plan on August 7, the White House gave it qualified support. As the plan moved from rhetoric to implementation, however, administration characterizations of it darkened until, in an interview published September 13, President Reagan pronounced the plan "fatally flawed."<sup>18</sup> In the past,

Washington had frustrated similar attempts to find a Central American solution to a Central American problem. The Arias plan seemed to have this history in mind when, in its preamble, it begged for "assistance from the international community."

At the moment the five Central American Presidents signed the accord in Guatemala, the new Speaker of the House, Jim Wright (D., Tex.), upstaged the President. Wright publicly committed Washington to the Arias plan, which he said superseded his plan and Reagan's, a reading the State Department initially embraced. Following this fait accompli, the White House simply stated its intention to fund the contras at higher levels than before, when the current fiscal year ended, although this deadline preceded the Arias plan and although this move was contrary to its provisions. Given Congress's disposition to wait out the deadline in the Central American plan, the administration stopped short of formally submitting a funding request.

At least momentarily, the peace initiative has shifted from Washington to the regional governments and their opponents. While much of this reversal is of the Reagan administration's making, part of it stems from the democratization in Central America that the White House has applauded. Newly elected Presidents in Costa Rica, Guatemala and Honduras were not reading the scripts handed to them as faithfully as had their predecessors. Still desperately in need of United States economic support, these leaders also confronted publics at home that questioned the long-term effects of close collaboration with Washington. Businessmen added up the toll exacted by war and by the exclusion of Nicaragua from regional trade; military officers wondered where the heavily armed contras would finally roost; peasants displaced from their lands by contra camps, military maneuvers and hit-and-run wars cried for peace; and nationalist politicians, riled at revelations of United States abuse of their country's sovereignty, demanded a more independent posture in their Presidents.

As 1987 drew to a close, the United States experienced the gravitational pull of yet another presidential campaign. Vice President George Bush initiated his long-awaited distancing from the President on the contra issue, with Senate minority leader Robert Dole (R., Kan.) following suit, both moving into territory previously held by Congressman (and also candidate) Jack Kemp (R., N.Y.). Among the conservatives who held the key to the Republican nomination and to campaign funding, loyalty to the contra cause was becoming a litmus test. If Nicaragua were to be "lost," votes would be won assigning by the blame.

(Continued on page 432)

Eldon Kenworthy has written articles on United States policy toward Central America for several journals, including *World Policy Journal*. His most recent analysis can be found in Thomas Walker, ed., *Reagan Versus the Sandinistas* (Boulder: Westview Press, 1987).

\*For excerpts, see page 430 of this issue.

<sup>18</sup>"Reagan Attacks the Central American Peace Plan," *The New York Times*, September 13, 1987, p. A24.

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*"The Sandinistas are not going to deviate from their bid to build a socialist state. But . . . there will continue to be many constraints on Nicaragua. The economy is in ruins. And the nation's creditor, the Soviet Union, may not be magnanimous if Nicaragua is safe from 'Yankee imperialism,' especially if that safety is bought with an accord limiting the Soviet presence in Nicaragua."*

## Embattled Nicaragua

BY FORREST D. COLBURN

*Assistant Professor of Politics, Princeton University*

A RECENT cartoon in the Nicaraguan state newspaper, *Barricada*, shows a stout Nicaraguan with a raised club chasing a fleeing member of strongman Anastasio Somoza Debayle's National Guard.<sup>1</sup> In the second caption, the club-wielding Nicaraguan chases a frowning representative of the "bourgeoisie." In the third caption, it is the CIA (United States Central Intelligence Agency) that is fleeing. But in the fourth and final caption, the Nicaraguan has dropped his club and holds his hands high in surrender. Confronting him is a pudgy fellow selling food at an astronomical price. This cartoon bluntly summarizes Nicaragua after eight years of Sandinista rule and five years of attack by a United States-assisted counterrevolution.

The Sandinista regime has survived, and indeed it has dealt punishing blows to the "enemies of the revolution." Its leadership is stable and confident. Yet the Nicaraguan economy is extremely unstable, jeopardizing the satisfaction of the most basic of needs and continuously generating dissatisfaction with the government.

The Sandinistas are trying to check the economy's deterioration and to mitigate its damage to Nicaraguans. However, efforts are, by necessity, only temporary and partial. With the war raging, any further action is too taxing and too dangerous. First, resources are scarce. Second, economic reform would entail tough decisions, many with significant—and immediate—political costs. These decisions would delineate which groups are going to pay for the inevitable adjustments in the economy. The decisions would also reveal the Sandinistas' ultimate political intentions and the resulting fate of different classes, sectors and groups. So, given the resource constraints and the lack of political breathing space, the Sandinistas content themselves with controlling the counterrevolution, with enacting stopgap economic measures, and with counting the days until their mortal enemy—United States President Ronald Reagan—moves out of the White House.

There is a sense in Managua that, for better or worse, the Sandinistas have beaten President Reagan and that they will soon be out of the woods. But many battles are still to be fought with the counterrevolutionaries, and

many economic difficulties still lie ahead. These problems, and how they are addressed, are important in their own right, but they will also shape Nicaragua after Ronald Reagan is gone.

### THE PROTAGONIST

Politically, Nicaragua's government lies somewhere on a spectrum bracketed by Cuba and Mexico. It is essentially a one-party state, but there are, in fact, five other significant political parties (including the Communist party). These parties participate in the country's recently established legislative body, the National Assembly. The parties have also announced their intention to run in scheduled—but deferred—local elections. And they could participate in national elections if such elections are held. At this point, however, these political parties have no real ability either to compete for political power or to participate, via the National Assembly, in public administration. The ruling Sandinista Front for National Liberation (FSLN) is not willing to share the reins of government. Understandably, one Nicaraguan politician asserted that Nicaragua's National Assembly was "designed for export purposes. . . . In practice, it has no power and is a mere sham."<sup>2</sup>

Nonetheless, it is significant that there are numerous political parties. As in Mexico, they have virtually no possibility of wresting power from the ruling political party, but they can—and do—lobby the government. The same holds for other civil institutions, like the private sector umbrella organization, COSEP (Superior Council of Private Enterprise). Churches, especially the Catholic Church, likewise serve not as a counterpoint to Sandinista authority but as a sanctum and a voice of conscience.

Similarly, the Sandinista regime shows no tolerance for individuals engaged in political activity that even remotely questions its authority. There are disturbing accounts of large numbers of political prisoners and of the practice of the less grim forms of torture. Still, if Nicaraguans stay clear of politics, they are afforded considerable liberty. Sloths, for example, are not arrested—as they are in Cuba—for "social parasitism."

The FSLN's justification for its monopoly of power is a Leninist argument for the vanguard party that is

<sup>1</sup>*Barricada*, June 1, 1987.

<sup>2</sup>*Le Monde*, June 24, 1986.

couched in populist and nationalist rhetoric. Only the Sandinistas are able to lead the "alliance of workers and peasants" and protect it against clever and strong enemies. Only the FSLN can produce and defend deep social and economic reforms. The Sandinistas' justification for the repression of other political activity was articulated in a recent speech by Vice Minister of the Interior Luis Carrión: "... there are sectors that consciously or not contribute to the fulfillment of the enemy's plans."<sup>3</sup>

Despite the far-reaching changes the Sandinistas have wrought in Nicaragua and the pressures these changes have engendered, the FSLN is both well entrenched and stable. Much of the FSLN's success can be explained by its monopolization of political activity and the spoils of government. But that alone cannot explain the success of a party that apparently numbers no more than 4,000. The Sandinistas' political success must also be ascribed to 1) the creation and mobilization of "mass organizations," 2) tireless "political education," 3) demonstrations that they care for the bulk of Nicaraguans—the poor, and 4) maintenance of internal party discipline.

It is important to acknowledge that the Sandinistas' political success is due to more than their monopolization of political activity. This realization draws attention to the Sandinistas' internal strength and diligence, and the extent to which they depend on organizations that link everyday Nicaraguans to the FSLN. Since the Sandinistas must show good faith in addressing Nicaragua's serious problems, they pay attention to the suggestions and complaints coming from these "mass organizations." Although these organizations are intended to support government policies, they also lobby the government, demanding everything from increased prices for farm produce to price controls on food.

While the nuances of Nicaragua's government must be appreciated, it remains a government dominated by the FSLN, a small hierarchical party. The party is headed by the nine *Comandantes de la Revolución*, who comprise the FSLN's National Directorate. All nine members, including President Daniel Ortega Saavedra, hold prominent government positions. The fraternal style of leadership makes them an anomaly and the source of endless speculation about their unity. One of the more persistent rumors in Managua is that President Ortega is attempting to increase the authority of the presidency. Key party officials have often managed their respective ministries and agencies as "fiefdoms," frequently setting policy with little regard for the agendas of other ministries. In particular, there have been pronounced inconsistencies between the Ministry of Agricultural Development and

<sup>3</sup>*Barricada*, May 26, 1987.

<sup>4</sup>*Los Angeles Times*, July 20, 1987.

<sup>5</sup>Quoted in Peter Gaupp, "Honduras and the Nicaraguan Dilemma," *Swiss Review of World Affairs*, June, 1987, p. 20.

<sup>6</sup>This conclusion is persuasively elaborated in Rosa María Torres and José Luis Coraggio, *Transición y Crisis en Nicaragua* (San José: DEI, 1987), pp. 119–132.

Agrarian Reform (MIDINRA) and the Ministry of Internal Commerce (MICOIN). On occasion, policy differences apparently reflect a division in the leadership of the FSLN. Such was the case when President Ortega announced abrupt changes in economic policy in June, 1987.

There may be differences within the National Directorate on how to make the everyday but difficult choices confronting the government. These differences partly explain the "lack of coherence and administrative disorder" in the government that President Ortega mentioned in his speech commemorating the eighth anniversary of the Nicaraguan Revolution.<sup>4</sup> But on the ends of the revolution—as opposed to the means—the Sandinista leadership appears to be in harmony. The bald consequence is that the state may be riddled with problems, but the party is not.

## THE ANTAGONIST

From the onset the new Nicaraguan regime has been confronted with armed resistance. Initially, however, resistance was isolated and poorly organized. United States assistance for the remnants of Somoza's National Guard that fled to Honduras and the concurrent cooperation of Honduras have resulted in a well-organized and well-financed counterrevolution. Serious fighting began in December, 1982. By 1985, Sandinista forces had largely beaten back the counterrevolutionaries, referred to as the *contras*. Eden Pastora's southern front collapsed and the Nicaraguan Democratic Forces (FDN) retreated to Honduras. United States congressional approval in September, 1986, of \$100 million in aid to the *contras* led to a resurgence of fighting between the FDN and the Sandinistas in 1987.

As a spokesman for the FDN has suggested, the struggle for "public opinion is 70 percent of the battle" between the Sandinistas and the counterrevolutionaries.<sup>5</sup> In the struggle for public opinion—and for territory—the *contras* have several problems. First, the civilian leadership is divided and marred by embarrassing squabbles. None of the principal leaders are well-known or respected in Nicaragua. Second, the *contra* leadership has been unable to articulate a coherent and attractive program of government. (This is not surprising since the *contras* are trying to build a coalition of diverse actors including peasants and landlords.) Third, the counterrevolutionaries are discredited by atrocities committed in rural Nicaragua. Hence, the *contras* do not offer an alternative to the Sandinistas. They do, however, create problems for the Sandinistas, who need to maintain a vestige of pluralism, which is important for domestic and international legitimacy. Likewise, the presence of the *contras* accentuates the Sandinistas' formidable economic problems.<sup>6</sup>

## SET ONE

United States assistance has enabled the FDN to re-



new its armed struggle against the Sandinistas. Since its "offensive" in early 1987, an estimated 6,000 contras have moved from Honduras into Nicaragua. Previously, there were probably no more than 1,000 contras in Nicaragua (including apparently some rebels deep in central-eastern Nicaragua who had lost all contact with the FDN command). United States assistance has been of singular importance not only in providing weapons and battle gear, but also in resupplying rebel troops in Nicaragua through air drops.

The resumption of the war has been accompanied by a number of changes. First, the locus of the fighting has increasingly moved from northern Nicaragua to central-eastern Nicaragua. Second, the contras fight more like guerrillas than ever—operating in smaller units and avoiding pitched battles by spreading themselves out and relying on sabotage and harassment to make their presence felt. It was revealing that the "big battle" of the 1987 dry season, the Bocay Battle, was no battle at all. In late April and early May, the Sandinistas carried out their largest-ever operation, involving 3,000 troops, in the Bocay river valley. The contras evaporated, however, and their supply of Redeye missiles enabled them to check the erstwhile Sandinista advantage of helicopter firepower and mobility.<sup>7</sup>

What the contras have achieved is to spread Sandinista troops more thinly over more territory; they have become somewhat more proficient in sabotage actions (mainly against the power supply); they have forced the Sandinistas to continue an unpopular draft; and they have severely strained the already crippled Nicaraguan economy. These gains are not insignificant, but they are far from the military victories necessary to defeat the Sandinistas.

The Sandinistas are formidable opponents. Despite the unpopularity of the draft, Sandinista troops are motivated and fight well. They are effectively keeping the contras away from population centers. Indeed, in Nicaragua's principal cities—Managua, León, Granada and Masaya—the war is not obvious.

The war is hell, however, in isolated rural areas, on the so-called agricultural frontier where the war is fought. Both sides have been accused of human-rights abuses against the rural poor. And peasants sometimes exacerbate the abuses by using the war to settle grievances against one another. Peasants have joined the ranks of both armies, but most peasants strive to avoid involvement in the conflict or, as is said in the vernacular, "to take on color." Apathy is seen as the safest course; it conforms to the traditional Nicaraguan proverb, "Flies do not enter a closed mouth."

The perceived lack of political impact of the war and

its high cost (12,000 lives, to say nothing of orphans, refugees, and material damages) make the war a source of sorrow for Nicaraguans, even those in opposition to the regime. The war is dismissed by many as amounting to nothing more than "poor Nicaraguans killing poor Nicaraguans."

## SET TWO

In addition to the war, there is another struggle confronting Nicaraguans—coping with the country's precipitous economic decline.

Statistics on Nicaragua's gross domestic product (GDP) suggest that the country has recovered somewhat from the nadir of economic activity in 1979, but economic activity is still below levels reached in 1975. Figures on GDP per capita show no such improvement, however. In fact, GDP per inhabitant in 1985 was 37 percent below that attained in 1975. And GDP per capita declined further in 1986 and 1987.<sup>8</sup>

These aggregate statistics, dismal as they are, mask the extent of the decline in the country's economy. Much economic activity is consumption-fueled by foreign assistance. An indication of the country's productive capacity is suggested by export levels. Exports, 80 percent of which are derived from agriculture, have been declining steadily since 1979. In 1986, exports were officially said to be \$229 million, but a well-placed economist in Managua reports that they were just below \$190 million.<sup>9</sup> In either case, this represents only about one-fifth of Nicaragua's needs and one-fifth of neighboring Costa Rica's exports (a country that is smaller both in territory and population).

Given Nicaragua's inescapable dependence on imports, the fall in exports is menacing. Nicaragua has had to cover the shortfall as best it can with foreign borrowing and aid. The consequence has been an abrupt rise in Nicaragua's foreign debt. Somoza left the Sandinistas with what was held to be an astronomical debt, given the country's size. But that \$1.5-billion debt is now a \$7-billion debt, undoubtedly the highest per capita debt in Latin America (an equivalent debt for Brazil would be \$280 billion).

The debt left by Somoza was renegotiated on unprecedented terms that offered a grace period on interest and principal. Now, the annual interest due on the country's debt is around \$1 billion, or five times the total value of all exports. Nicaragua has long had a policy of paying its debt only when there is "a net credit flow." For all practical purposes, that has meant no payment, but international bankers, including those in the United States, have been relieved that Nicaragua has at least not made public statements that it will not pay its foreign debt. The Sandinistas say nothing; the bankers say nothing.

## SOVIET AID

At the onset of the revolution, foreign credit and aid came from a disparate group of countries, ranging from

<sup>7</sup>*Latin American Weekly Report*, June 4, 1987.

<sup>8</sup>Figures are from María Eugenia Gallardo and José Roberto López, *Centroamérica: La Crisis en Cifras* (San José: ICA-FLACSO, 1986), pp. 47–48.

<sup>9</sup>The economist spoke on condition of anonymity.

the United States to Venezuela to Iran to North Korea. For the last few years, however, it has been the East European COMECON (Council for Mutual Economic Assistance) countries, and the Soviet Union, in particular, that provide needed assistance. Indeed, if it were not for the Soviet Union, the present regime in Nicaragua would simply collapse, so extensive and important is Soviet aid. The Soviet Union provides nearly all Nicaragua's oil, weapons and ammunition, heavy machinery (agricultural and otherwise), and a wide range of consumer goods, from wheat and rice to light bulbs.

Nicaragua panicked when the Soviet Union announced in May, 1987, that it would reduce its oil shipments. The Soviet Union was supposedly angered when it discovered that Soviet-donated basic grains were being sold to Venezuela and that the dollars were being used to buy Toyota cars.<sup>10</sup> Generally, Soviet leaders were troubled by the inefficiency of the Nicaraguan economy. Despite the dispute (with the end result being higher gas prices and a bid to reduce military and civilian gas consumption by five percent), everything suggests that the Soviet Union will continue to provide whatever assistance is essential for the survival of the Nicaraguan revolution.

Soviet assistance is crucial, but it does not meet all Nicaragua's needs. There are shortages of everything from arcane industrial equipment to basic foodstuffs, which have contributed to the inflation. The inflation is also accelerated by the government's deficit spending. Deficits are covered by what is referred to in Nicaragua as "inorganic monetary omissions." In 1986 alone, the money supply quadrupled, a trend that continues.<sup>11</sup> The consequence is the debasement of the national currency, the cordoba, through inflation. At the beginning of the "new" Nicaragua, the highest denominated currency, the 1,000-cordoba note, was worth \$100. By the eighth anniversary of the revolution it was worth nine cents. A 5,000-cordoba bill, complete with elaborate guards against counterfeiting, has recently been introduced.

Nicaragua's inflation (estimated to be 1,000 percent in 1987) is especially disruptive because of state control of wages, multiple exchange rates and selective price controls. The fact that the prices of certain goods and services are controlled and others are beset by inflation introduces marked distortions in the economy. A minor but illustrative example is that the price of two tortillas has long matched the price of a gallon of gasoline. Price distortions weaken incentives to produce and to invest. The dominant incentives are to speculate and to borrow money (at 45 percent interest). Price distortions have also encouraged petty corruption.

<sup>10</sup>Ibid.

<sup>11</sup>Nicaraguan Institute for Economic and Social Research (INIES), *Plan Económico 1987* (Managua: INIES, 1987), p. 23.

<sup>12</sup>Ministry of Agricultural Development and Agrarian Reform (MIDINRA), *Plan de Trabajo 1987* (Managua: MIDINRA, 1987), pp. 5-31.

Publicly, the Sandinistas blame the war for Nicaragua's troubled economy. There is no doubt that the war is responsible for many of the country's difficulties. Defense expenditures now account for 50 percent of the government's budget. Still, the Sandinistas realize that the disruptions caused by their reforms and their administrative shortcomings also contribute to the economic malaise.<sup>12</sup> Less discussed is the absence of a strategy for participating in the world economy. Nicaragua continues to depend on its traditional exports even though these exports, particularly sugar, offer less promise. With the demise of the Central American Common Market and the low prices of traditional exports, other Central American countries, particularly Costa Rica, are rethinking their relationship to the world economy. Nicaragua is lagging in this task. But it is hardly the most immediate of its concerns.

Economic dislocations are increasingly aggravating other problems, and government responses are widely recognized as hopelessly inadequate. Many Nicaraguans wonder how far the economy can decline before there are political repercussions. The Sandinistas are satisfied with surviving; they maintain that in the final instance only loyalty, food and ammunition are needed.

## HAMLET'S UNCLE

Given the singular importance of the war and the extent to which it constrains the FSLN, attention in Nicaragua is riveted on the United States. The contras are perceived as being unable to pose a threat without United States assistance. The Sandinistas believe that they will be under pressure from the United States until President Reagan leaves office, and that he will be able to keep the contras supplied and thwart any peace initiative (either his own or that of Costa Rican President Oscar Arias Sánchez). No potential successor to the United States presidency, Republican or Democrat, is believed to be as dangerous.

As Ronald Reagan's term ends, it appears likely that the Nicaraguan revolution will survive. Increasingly, United States foreign policy toward Nicaragua resembles not the precedent in Vietnam, as many have suggested, but Cuba. There, too, the United States backed a counterrevolution that ultimately failed. The net result was that the United States angered a regime with which it now has to coexist.

A notable difference between United States foreign policy toward Nicaragua and toward Cuba has been that in Nicaragua, United States support for the counterrevolution is largely identified with a single individual, not

*(Continued on page 431)*

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*"In the 1980's, Honduras has found itself the focus of greatly increased international attention. But this has brought the nation neither security nor prosperity. By almost every standard, the average Honduran is worse off in 1987 than he was in 1981, and the nation is less secure."*

## The Honduran Dilemma

BY RICHARD MILLET

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**N**EITHER nature nor history has been kind to Honduras. Situated on some of the poorest soils in Central America and sharing troubled frontiers with the region's three most powerful states (El Salvador, Guatemala and Nicaragua), Honduras has had little experience with either peace or prosperity. When it is not buffeted by hurricanes or plagued by droughts, Honduras has been subject to the continuous intervention of external forces in its internal affairs. The current critical situation along its border with Nicaragua is simply the latest in a string of threats, problems and disasters with which Hondurans have always been forced to cope.

On December 31, 1986, in his year-end address to the nation, President José Azcona Hoyo declared that "the violent outbursts of domestic conflicts and contradictions that exist in various Central American countries have transcended their border and reached our country." The result, Azcona admitted, was an "image of uncertainty and high risk" that has discouraged tourism and foreign investment and has diverted scarce resources from development programs to military expenditures. Added to these burdens was the flood of refugees seeking sanctuary in Honduras. Asserting that the situation made a regional peace settlement vital, President Azcona nonetheless saw no reason for optimism. Instead, he warned his countrymen that their desire for peace "must not be confused with weakness," and that they must "spare no valor . . . in defending our country's territorial integrity."<sup>1</sup>

The President's speech expressed the basic Honduran dilemma: the region's conflicts were increasingly disastrous for the nation, but the level of Honduras's distrust of its neighbors and fear of its allies was so high that there was neither the strength nor the will to promote a peaceful solution.

When he took office, President Azcona faced a formidable task. In addition to a failing economy, major foreign policy problems and the presence of the Nicaraguan contras, Azcona needed to gain some control of a

military that was suspicious of him; in addition, he led a deeply fragmented Liberal party that had barely won the 1985 elections. Azcona, himself, had won less than 28 percent of the popular vote, while his principal rival, National party leader Rafael Leonardo Callejas, had won 42 percent. It quickly became obvious that his prospects were poor. Within a few days of his inauguration, an internal military coup removed General Walter Lopez Reyes as Supreme Commander and replaced him with General Regalado Hernandez, but real power was held by hard-line colonels of the military academy's fifth graduating class (promotion). President Azcona was neither consulted nor forewarned; this damaged his prestige and reduced his credibility.

While Liberals held a narrow majority in the Congress, party factionalism forced the President to work with Callejas and the National party in order to pass legislation. A Pact of National Unity gave the National party control of the Supreme Court, the presidency of the Electoral Tribunal and the posts of foreign minister and minister of labor in the Cabinet. At the end of 1986, Callejas announced that the pact was no longer in effect and that the National party would "wage a more critical opposition against the government."<sup>2</sup> His followers, however, retained their government positions.

Although Callejas was clearly in charge of the National party, the Liberal party lacked firm leadership. In 1986, several leaders had begun openly to campaign for the 1989 presidential nomination. By early 1987, Tegucigalpa's walls were plastered with posters proclaiming seven precandidates. It was a mark of the President's weakness that none of these openly sought his support; and several made direct attacks on his administration. Even Vice President Jaime Rosenthal openly criticized the administration, both in Honduras and on the United States television program *60 Minutes*.

The fight reached a peak in the Liberal party's September, 1987, internal elections. Over 570,000 Hondurans voted in these elections, which produced a victory for Carlos Flores Facusse, the precandidate backed by ex-President Roberto Suazo Corbova, a bitter opponent of Azcona's. Carlos Flores received over 36 percent of the vote, while his nearest rival, congressional president Carlos Montoya, won 23.4 percent. The post of the party's secretary general went to a supporter of Flores.<sup>3</sup> In

<sup>1</sup>Foreign Broadcast Information Service, *Latin America: Daily Report*, January 2, 1987, p. P3 (hereafter cited as FBIS).

<sup>2</sup>FBIS, January 5, 1987, pp. P3-P4; *Central America Report* (Guatemala), February 13, 1987, p. 46 (hereafter cited as CAR).

<sup>3</sup>Figures supplied by the Honduran embassy, Washington, D.C., September 21, 1987.



the ranks of the party's leadership, open supporters of the President were conspicuously absent.

While Liberals were fighting among themselves, Callejas was solidifying his control over the National party. He faced minor opposition from several figures, including National University rector Oswaldo Ramos Soto, but none mounted a serious challenge. With his supporters holding key party posts, Callejas appeared assured of the National party nomination in 1989.

The Christian Democrats and the Innovation and Unity party (PINU) each held two seats in the Congress, but had little influence on its debates or decisions. The Christian Democrats continued to move slowly to the left, which gave them higher visibility but produced growing tensions with other Latin American Christian Democrats. Former military commander General Walter Lopez Reyes announced that he was forming a political party that would have a "social democratic" orientation, but few took his efforts seriously. In general, the Honduran political scene was characterized by a high degree of division and confusion, a situation that contributed to the National Electoral Tribunal's decision to postpone scheduled 1987 municipal elections.

While the leaders of his party fought among themselves, President Azcona, despite occasional health problems, continued to confront the nation's difficulties. Much of his energy was devoted to fending off criticism from within his own party, including repeated efforts to force Cabinet changes. His task was further complicated when Vice President Rosenthal charged the administration with corruption and mismanagement in the handling of United States Agency for International Development funds. The President responded by declaring that the Vice President had no authority to speak for the government.<sup>4</sup>

Labor troubles and peasant protests also hampered the President's efforts. Disputes in the banana industry were settled when the workers gave up demands for wage hikes in return for a five-year freeze on cutbacks in the work force, an agreement that reflected the nation's dire unemployment problems. Strikes by health workers in September, 1986, and again in March, 1987, embarrassed the administration.

More significant was the rising tide of peasant unrest. Honduran peasants have long been among the best organized in Central America and have a history of confrontation with the government. In early 1987, peasant groups began demanding the replacement of the director of the National Agrarian Institute, the release of imprisoned members of their organizations, a rapid reac-

tivation of the agrarian reform program, and relief from their rising debt burden. Prolonged negotiations led to administration promises to revise farm credit policies, to release some prisoners, and to form a commission, including government, military and peasant representatives, to review the land tenure situation.<sup>5</sup> This agreement resolved the immediate crisis, but land invasions and clashes with government authorities were soon resumed. Should the commission fail to meet peasant grievances, as was widely expected, the danger of a serious confrontation appeared real.

While Liberal politicians were feuding, workers were striking and peasants were threatening land seizures, Tegucigalpa was also running out of water. A combination of rapid population growth (5.9 percent annually), inadequate government planning and resource allocation, and changes in the climate brought on by extensive deforestation produced a water shortage that grew worse with each passing year. In the spring of 1987, with temperatures reaching record-breaking levels, many of the capital's poorer sections ran out of water. The United States embassy drew up plans for evacuating nonessential personnel, and the city's poor were reduced to buying polluted water for \$1.75 a barrel from unscrupulous vendors. The onset of the rainy season in May alleviated the problem, but it seemed virtually certain to recur in 1988, threatening the nation with major disaster should the rains come late.

The real struggle for power in Honduras took place within the military's officer corps. At the end of September, 1986, the Supreme Commander, General Regalado Hernandez, allied himself with officers of the academy's sixth promotion and replaced top-level military commanders who were members of or allied with the fifth promotion. Several key officers of the fifth promotion were sent into diplomatic exile or were transferred to powerless staff positions. In January, the change in the power balance was confirmed when the officers elected General Hernandez to a three-year term as Supreme Commander and the lieutenant colonels of the sixth promotion took command of most of the combat battalions. All these actions were taken without any apparent input from the civilian government. The changes in command structure brought to power a group of officers generally seen as more sophisticated and more professional than their predecessors. There was speculation that this might signal greater nationalism on the part of the military, and less willingness within the military to endorse United States policy in the region and to accept the presence of Nicaraguan contras on Honduran soil.<sup>6</sup> By the fall of 1987, however, while there was some slight movement in this direction, no major shift in Honduran military policy seemed likely. It was apparent that the struggle for power was far from over and that further changes could be expected in 1988.

The military had more to worry about than its internal command structure. Compared to its neighbors, Hon-

<sup>4</sup>CAR, May 15, 1987, p. 141; FBIS, January 13, 1987, pp. P9-P10.

<sup>5</sup>*Boletín Informativo Honduras* (Tegucigalpa), May, 1987, pp. 1 and 16 (hereafter cited as BIH); CAR, April 3, 1987, p. 103.

<sup>6</sup>FBIS, September 30, 1986, p. P5, and October 1, 1986, pp. P1-P2; CAR, January 16, 1987, pp. 12-13; *El Heraldo* (Tegucigalpa), January 14, 1987, p. 3; *Christian Science Monitor*, January 5, 1987, p. 12.



duras remained an island of relative peace, but terrorism was on the rise and there was a threat of guerrilla activity. Security problems were complicated by the presence of the contras and by Sandinista incursions against contra bases in Honduras. The attacks appeared to come from groups on both the extreme left and right. At the end of August, authorities arrested several individuals allegedly involved in a restaurant bombing, but had made no progress in the other cases.<sup>7</sup>

There was a slight increase in guerrilla activity in Honduras during 1986–1987. In October, 1986, clashes between army units and guerrillas belonging to the Cinchonera Popular Liberation Movement led to deaths on both sides. In March, 1986, soldiers attacked an apartment in San Pedro Sula, killing two leaders of another guerrilla organization, the Lorenzo Zelaya Popular Revolutionary Forces. Reports indicated that several hundred guerrillas were active in the country, mostly in remote areas of the interior and along the Atlantic coast.<sup>8</sup> Their continued presence was a source of growing concern to the military.

Of much greater concern, however, was the presence of the contras and the clashes with Nicaraguan government forces that their presence helped provoke. Opposition to the contra presence increased steadily during 1986 and 1987. In October, 1986, a motion to force the ouster of the contras from the area of Aguacate Military Base in Olancho was defeated, but the congressional president, Oscar Montoya, declared that the contras should leave the country, adding, “we want Honduras to be free from such irregular armed groups and to have a climate of peace and tranquility.”<sup>9</sup>

Protests over the contra presence continued to mount in 1987. Coffee growers charged that their livelihood was threatened by the rebels and demanded compensation for damages they had suffered. Labor groups demonstrated against the contras in March and May. Even government officials began to complain publicly about contra activities. Unlike its predecessor, the Azcona administration did not deny the contras’ presence, but it maintained that they were there without government approval. In November, 1986, the President admitted that

the contras were causing serious problems for people living near the border and promised Hondurans government assistance.

In February, 1987, National party leader Rafael Leonardo Callejas, a strong opponent of the Sandinistas, declared that the contras must give up their camps in Honduras and carry out their struggle in Nicaragua. Most Hondurans evidently agreed with him; an October, 1986, poll showed that 61 percent of Hondurans believed the contra cause was just, but 88.6 percent were opposed to their continued training in Honduras. Responding to popular opinion, the Honduran government began to pressure the contras to reduce their public activities, deporting some of their leaders and refusing them permission to open a headquarters for their political front in Tegucigalpa. In June, 1987, the commission appointed to investigate contra activities recommended that Honduras seek \$20 million in compensation from the United States for damage caused by the contras.<sup>10</sup>

The contras not only created problems themselves, but their presence also aggravated security problems with Nicaragua. Throughout 1986 and 1987, there were many Nicaraguan military incursions into Honduras in pursuit of contra forces. A major incursion took place in late November–early December, 1986. Using United States helicopters, Honduran troops were transported to the fighting area and engaged the Sandinista forces, suffering 18 casualties. The Honduran Air Force also went into action, attacking targets inside Nicaragua.<sup>11</sup> For a time, it seemed that the incident might escalate into a major clash between the two nations, but these fears were not realized.

Peasant protests, increased terrorism, guerrilla activities and the problems produced by the presence of the contras all contributed to charges of human rights violations. An additional factor was the presence of thousands of Salvadoran refugees, many of whom the military believed were guerrilla supporters. A persistent critic of the human rights situation was the Committee for the Defense of Human Rights in Honduras. Its president, Ramon Custodio, charged that there had been an attempt on his life in November, 1986. The number of political killings, disappearances and allegations of torture remained relatively low, compared with activities in neighboring nations or with the situation prevailing in Honduras a few years earlier, but serious problems persisted.<sup>12</sup>

## FOREIGN POLICY

In 1986, Honduran foreign policy was dominated by the conflict in Central America and by relations with the United States. The latter suffered some disruption when United States Ambassador John Ferch was abruptly recalled in September, 1985, reportedly because of his lack of enthusiasm for aspects of President Ronald Reagan’s regional policies involving the contras and the Honduran response to Nicaraguan attacks on contra camps. Ferch

<sup>7</sup>BIH, January, 1987, pp. 1 and 16; CAR, February 6, 1987; FBIS, April 15, 1987, p. P10; May 8, 1987, p. 98; August 10, 1987, p. H1; and August 31, 1987, p. 8.

<sup>8</sup>CAR, November 28, 1987, p. 367; April 3, 1987, pp. 99–100.

<sup>9</sup>CAR, November 7, 1986, p. 341.

<sup>10</sup>John Ferch, “Honduran Foreign Policy and Honduran Public Opinion,” in *Study Group Report: Honduras in the Context of Regional Politics*, Occasional Paper No. 18 (Washington, D.C.: School of Advanced International Studies, Johns Hopkins University, 1987), pp. 34 and 37; FBIS, November 12, 1986, p. P4; February 11, 1987, p. P15; and June 24, 1987, p. H3.

<sup>11</sup>Honduran embassy, Washington, D.C., Official Communiqué No. 54, December 7, 1986; *St. Louis Post Dispatch*, December 9, 1986, p. 6, and December 10, 1986, p. 11.

<sup>12</sup>*Human Rights in Honduras: Central America’s “Sideshow”* (New York: The Americas Watch Committee, 1987).

was replaced by Everett Briggs, another career diplomat. Throughout the year, Honduras had to contend with an endless flow of visiting Americans representing the Reagan administration, the Department of Defense, the Congress and private organizations and interests.

Most Hondurans were worried about the Honduran role in regional conflicts, including the use of United States National Guard troops to build roads and construct other facilities in Honduras. The Reagan administration claimed that these and similar activities simply provided training and helped in the defense of a friendly nation; critics charged that such actions were part of the Reagan administration's effort to topple Nicaragua's Sandinista government. Led by Ohio's Richard Celeste, who visited Honduras in July, 1987, several governors brought suit against the Reagan administration to prevent the use of their states' forces in Honduras. Even the United States General Accounting Office was drawn into the dispute, launching an investigation that questioned the Defense Department's cost allocations. However, there was no concrete evidence that Guardsmen were being used for covert purposes.<sup>13</sup>

In 1987, Guard and reserve forces joined with regular troops in a continuing series of military maneuvers. The largest was Operation Solid Shield in May, 1987, during which nearly 6,000 United States troops actually landed in Honduras. Like the Guard's construction projects, the maneuvers generated many protests. So, too, did the continuing United States military presence at the Palmerola air base and various other facilities. When the Defense Department requested \$10 million to build cement-block barracks at Palmerola, congressional critics charged that this violated budget guidelines and represented an attempt to establish a permanent United States military presence in Honduras.

Of greater concern to the Honduran government was United States economic and military assistance and private investment. In November, 1986, President Azcona traveled to Miami to promote private American investment, an effort that produced little visible success. Honduras was more successful in getting assistance from the United States government. For fiscal year (FY) 1987 the United States appropriated \$131.6 million in economic and \$61.2 million in military assistance for Honduras. Many Hondurans, however, criticized the aid program, charging that it was insufficient, misused and directed to support the government and the military. They charged also that United States aid was unpredictable, with Congress frequently failing to make good on Reagan administration promises. Carlos Montoya described the

\*For excerpts from the text of the Central American peace plan, see page 430 of this issue.

<sup>13</sup>United States General Accounting Office, *Honduras: U.S. National Guard Construction Exercises* (Washington, D.C.: U.S. General Accounting Office, 1987).

<sup>14</sup>*St. Louis Post Dispatch*, March 22, 1987, p. 5B; FBIS, April 28, 1987, p. P5.

<sup>15</sup>FBIS, February 11, 1987, p. P12.

United States as "a mediocre ally" that did not know how to defend its friends.<sup>14</sup>

The greatest controversy was generated over the Reagan administration's proposal to sell 12 F-5 fighter aircraft to Honduras. The Reagan administration argued that the planes were needed as replacements for the aging Super Mysteres that formed the backbone of the Honduran Air Force, while critics charged that the proposal represented a dangerous escalation of the regional arms race and was a covert payoff for Honduran support of United States policies. Efforts to block the sales in Congress failed, and the first deliveries were scheduled for late 1987.

Relations with the United States were further complicated by the vicissitudes of American domestic politics. Democratic victories in the 1986 congressional elections and the approaching end of the Reagan presidency left Honduran policymakers with a difficult dilemma. If they aligned their regional policies too closely with those of the Reagan administration, they risked alienating the Democrats in Congress. But if they failed to support those policies, they risked retaliation by the Reagan administration. Added to this dilemma was the fear that Congress would end support for the contras but make no provision for their resettlement, leaving Honduras to confront an army of well-armed and angry exiles. The Iran-contra scandals also contributed to Honduran anxieties, as rumors circulated that Hondurans had accepted bribes to facilitate illegal arms shipments to the contras. There seemed, however, no alternative to close ties with the United States because, as President Azcona admitted, "We are within the United States sphere of influence and we will not deny this point."<sup>15</sup>

It was difficult to separate relations with the United States from Honduran policies toward the rest of Central America. The Azcona administration was repeatedly charged with providing a front for President Reagan's policies in the region. The Honduran government reiterated its support for regional peace efforts like those undertaken by the Contadora Group and by Costa Rican President Oscar Arias Sánchez,\* but Hondurans' deep suspicion of the Sandinistas, combined with their dependence on the United States, made them reluctant to entrust their security to any regional arrangement. The adoption of the Arias peace plan by Central America's Presidents presented special problems. If fully implemented, the plan would require that Honduras deny the contras the use of its territory, an action that would alienate the Reagan administration and risk open clashes with contra forces. But failure to abide by this provision could burden Honduras with the responsibility for the

(Continued on page 435)

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*"Despite the erosion of its popularity and the general disenchantment with its performance, the Duarte administration must be credited with some political gains that have made it easier for a bipartisan coalition in the United States Congress to continue to underwrite the Salvadoran democratic experiment."*

# The Seven Plagues of El Salvador

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A PROCESS of regime change continues in El Salvador. According to Salvadoran President José Napoleón Duarte, his is "... a government of transition and consolidation between the oligarchic dictatorship of the past 50 years and the dynamic democracy we will experience. . . ." Many observers believe that Salvadoran politics has become more democratic, but even the optimists admit that the Salvadoran transition is taking place in a context of extraordinary adversity.

Seven years of civil war have taken the lives of more than 60,000 citizens. About fifteen percent of all families have been displaced and uprooted by the civil war. In October, 1986, an earthquake destroyed the homes of 31,000 families, causing about \$2 billion in damage. One out of every two workers is now without proper means of sustenance. Close to 75 percent of the population is living in poverty. The rate of inflation since the late 1970's exceeds 200 percent; conservative estimates project a rate of about 37 percent for 1987. Production levels in most sectors of the economy are yet to regain prewar magnitudes.

Attempts at economic reactivation have been hampered by the war effort and by the economic sabotage of the guerrillas. A severe drought will affect not only the yields of this year's agricultural crops but also industrial production, forcing the government to ration electricity, because of the falling levels in reservoirs and the government's inability to buy electricity from the Guatemalan grid. Through 1986, the economic cost of the war had exceeded the value of United States economic assistance, and efforts to widen the domestic revenue base have been sterile thus far. All these factors reinforce the private sector's unwillingness to invest. To make matters worse, a new immigration law passed by the United States Congress could trigger a massive expulsion of Salvadorans who entered the United States illegally, who are not likely to find jobs and housing in their own country, and whose remittances are an important source of foreign exchange, second only to those remittances earned by coffee exports. They would swell the ranks of the more than 200,000 internal migrants already uprooted by the war

<sup>1</sup>Ms. Duarte, a female companion, and a number of kidnapped majors were released in exchange for a large number of wounded and imprisoned FMLN combatants.

in El Salvador.

In a nutshell, governing El Salvador at the present time resembles a fool's game, a defiance of nature, a blind and vain attempt to survive the onslaught of many plagues. In a context like this, the performance of any government is likely to be considered unsatisfactory by broad sectors of the population. This may have serious implications for the legitimacy of the regime and could cost the Christian Democratic party (PDC) dearly in the legislative elections of 1988 and in the general election of 1989.

Those whose economic, social or human rights grievances have not yet been redressed have reason to doubt official sincerity and efficacy. Those fearful that promised reforms may come to pass are exerting themselves to prevent any change and remain basically disloyal to the democratic project. Accustomed to having their way, they are still looking for the opportunity to implement their restorationist project. Leftist insurgents have identified the government and any successful reforms as a direct threat to their political viability, their ultimate military survival, and the legitimacy of their revolutionary project. Even if the situation improved, their unsatisfied expectations and their extreme ideology would keep some sectors of society alienated. If anything, they seem determined to belie and neutralize any success of the government.

It will not be easy to negotiate the incorporation of the extreme left in the political process. Nor will it be easy to persuade the extreme right to stay within the law every time the rightists are defeated in a policy initiative. But their bluffs will have to be called sooner or later, for no process of transition has resulted in a democratic outcome without the neutralization or at least a significant reduction of terrorism. Since March, 1980, Salvadoran democrats have tried to accomplish this in the middle of a civil war.

## THE GOVERNMENT PROJECT

Is there a concrete project behind Duarte's specious and at times disingenuous rhetoric? For all practical purposes, the government lost the initiative in September, 1985, when the guerrillas kidnapped Inés Guadalupe Duarte, the President's daughter, and nearly paralyzed the government.<sup>1</sup> Having lost the initiative and unable to



negotiate a solution to the war, the government appeared to have lost its compass. This deepened the disillusion and frustration of those under economic duress. Ever since, charges of corruption, incompetence and inefficiency have intensified, and unrelenting criticism has rained on a Christian Democratic administration apparently unable to project an image of being in charge.

Can the Christian Democrats recover from these setbacks? Duarte has been hampered from the start by his own obstinacy and by a lack of qualified talent—due to the exodus of many of the more qualified PDC technocrats who followed Rubén Zamora's Popular Social Christian Movement (MPSC) into the Democratic Revolutionary Front (FDR) and due to the reluctance of others to join the administration. Many of Duarte's initiatives were defeated by the rightists when they had a majority in the Legislative Assembly, or were stymied by the Supreme Court, once the PDC obtained a legislative majority. Many judicial inquiries have been given short shrift by the attorney general's office. Duarte's acceptance of the rules of the game and his willingness to take his chances with them are seen as reformist hypocrisy by some and as weakness by others. Leftist and rightist extremists insist that Duarte's power is very limited, and that the Armed Force high command and United States Ambassador Edwin Corr are the real powers in El Salvador.

The inefficiency of the government will increase further as a result of the yet undeclared contest for the PDC presidential nomination, pitting Planning Minister Fidel Chávez Mena against Culture and Communications Minister Julio Adolfo Rey Prendes. Chávez Mena has challenged Duarte before; he would supposedly receive more collaboration from the private sector if he became President; and he would probably adopt a more technocratic style in government and a more low-key approach to negotiations with the guerrillas. "Fito" Prendes is a Duarte confidant, a consummate operative and a party man, who could continue the collaboration with the Armed Force and who, despite an eroded public image from years of service in an unpopular government, would be a legitimate interlocutor to the United States. He would be expected to inherit Duarte's difficulties with the private sector and to have trouble negotiating with the insurgents, but he has been a key player in all rounds of negotiations with the left. In September, 1987, rivalries between these two candidates erupted in violence.

Despite the erosion of its popularity and the general

<sup>2</sup>In late 1986, the United Nations General Assembly approved the most favorable report produced to date on the human rights situation in the country. There were 98 votes in favor, none against, and 37 abstentions.

<sup>3</sup>The measures include production incentives for and regulatory changes in the coffee, livestock and cotton sectors; changes in income and real estate taxes; rural credit; liberalized foreign investment rules; four complementary bills concerning agrarian reform; land tenure benefits for military veterans and the creation of a military university; a bill on diocesan educational centers; an amnesty bill; and a host of other measures.

disenchantment with its performance, the Duarte administration must be credited with some political gains that have made it easier for a bipartisan coalition in the United States Congress to continue to underwrite the Salvadoran democratic experiment. Everyone is aware that United States assistance is vital to the effort and that Duarte has become the gatekeeper of such funds. It is no surprise that government antagonists question how the funds are being used, accuse the government of outright fraud and corruption, and depict Duarte as a puppet.

The government's political advances have also been possible because of a "survival alliance" between the government and an Armed Force that has continued to support the democratic project, has publicly repudiated human rights abuses and improved its performance in that regard, and has neutralized and resisted attempts to overthrow the government. To be sure, the extent to which the military forces have reformed themselves is uncertain, but one need only count on instincts of institutional self-preservation to gauge the authenticity of their behavior. The military, however, appear impatient with the slowness of the political process and the bickering among politicians. This may have induced them to formulate their own blueprint for economic reactivation, the controversial *Unidos para Reconstruir* (United to Reconstruct) plan. But they have found more reason to criticize rightist irresponsibility—like the rightist boycott of the Legislative Assembly—and to be on guard against rightist attempts to divide them. Duarte is anything but a favorite of the military, but the Armed Force has accommodated to him.

## A MORE FAVORABLE IMAGE

The amelioration in the political and human rights climate has been duly noted by the Salvadoran Roman Catholic Church, which has acknowledged this in public, and by international organizations and foreign governments that have kept a modest, albeit steady, flow of assistance funds going into the country.<sup>2</sup> As a result, the Salvadoran government enjoys an improved international image. In May, 1986, Duarte was given a friendly reception by all Contadora Support Group governments. Although mindful of their differing interests and circumstances, the governments of Costa Rica, Guatemala, Honduras and El Salvador have found enough common ground in their responses to the different peace proposals to end the regional crisis and to identify Nicaragua as the most serious threat to regional stability. Media coverage in the United States seems to indicate that Salvadoran refugees returning to their country are not, in the main and on the whole, being killed or imprisoned. Barring a major disgrace or scandal, this more favorable image is likely to be preserved.

Has President Duarte regained the initiative? In his June 1, 1987, state of the nation address, he presented a massive package of 56 measures to the Assembly. It is unlikely that the Assembly will be able to discuss, much less pass, all these measures.<sup>3</sup> Apparently, this legislative



offensive has been designed to dispel the government's somnolent image, to regain the initiative, to define the agenda for the remainder of the current presidential term, and to put the minority parties on the defensive in the legislature, forcing them to declare themselves on these issues. Last, but not least, this is the opening salvo in the PDC's electoral campaign for the legislative elections of 1988. It is unlikely that the rightist opposition will be able to repeat its legislative boycott of 1987 without finding itself in difficulty, trying to explain its inactivity to the voters. Polls have been showing a sustained breakdown of opinion, with 25 percent of the public supporting the PDC, slightly under 20 percent supporting the National Renovating Alliance (ARENA), the main opposition party, and almost 50 percent expressing no preference.

For the remainder of his term, which most analysts concede he will finish, Duarte is likely to maintain a relatively hard stance with regard to the left. The Salvadoran President insists that the guerrillas hold the upper hand in the Farabundo Martí National Liberation Front -Democratic Revolutionary Front (FMLN-FDR) coalition; that they are engaged in blackmail, asking the government to negotiate lest they continue economic sabotage and military operations; that they are trying to utilize the negotiations to score debating points and thereby link public debate to their violent campaign for power; and that they must renounce violence as proof of their sincerity.

Most recently, Duarte rejected an 18-point plan presented by the FMLN-FDR on May 28 that dealt primarily with the "humanization" of the conflict.<sup>4</sup> Following the Esquipulas II accord (the Central American peace plan), approved by the Central American Presidents on August 7 in Guatemala City, Duarte called for talks with the rebels, insisting that they should accept the terms of the accord. These were to take place on September 15. The framework proposed by the Esquipulas II agreement—particularly the provisions calling for dialogue, a cease-

fire, amnesty and national reconciliation—seems to favor the Salvadoran government, because there is no provision for power-sharing, which has always been a rebel demand. The Salvadoran President is exploiting this advantage, stressing the importance of a simultaneous cease-fire in Nicaragua and in El Salvador, inviting the leaders of the Nicaraguan armed opposition to San Salvador and securing their acceptance of the agreement, and aggressively promoting his views in the Salvadoran media.<sup>5</sup>

The FMLN-FDR had reacted very cautiously to the peace initiative advanced by Costa Rican President Oscar Arias Sánchez. The rebel coalition had complained that the Arias plan did not take the diversity of the conflict into consideration and failed to stress the domestic characteristics of the conflict.<sup>6</sup> On August 11, the FMLN general command described the Esquipulas II agreement as a political victory for the Nicaraguan people and a logical result of the weakening of United States policy in Central America, while hedging that "it is irrational to use the Guatemalan agreement as a pretext to set conditions and avoid dialogue."<sup>7</sup>

## ROLE OF THE OPPOSITION

The FDR is led by men who want to have a role to play in a democratic regime. They insist that basic changes are still to come and that the Duarte administration has not lived up to its promises. But this amounts to an opposition platform, not a revolutionary blueprint. Esquipulas II offers them an honorable way out of armed insurrection. The FMLN insists that the government is simply following the reactionary policies of the oligarchy and the military that sowed the seeds of the civil war, and that only a revolution can bring about necessary change. Ostensibly, the FDR can endorse only defensive violence; by contrast, class warfare and revolutionary violence are ingrained in the operational code of the most hardened guerrillas. Something has to give. In creating a regional framework for pacification and multinational mechanisms to supervise compliance, the Esquipulas II agreement puts more strain on this contradiction in the rebel Salvadoran coalition.

But Duarte's plagues are far from over. In dealing with the left, he must overcome a problem similar to the one experienced by the military, who evolved a strategy that forced the FMLN to break up large tactical groups only to find itself unable to react to small-scale operations and sporadic large-scale attacks. Similarly, the government put the FMLN-FDR on the defensive for their sabotage campaign and human rights abuses, only to find that it had not devised a strategy to cope with a heightened FMLN-FDR civil but belligerent presence in the cities, particularly through labor, student and human rights allies. Duarte must also find a way to restore the credibility and efficacy of the judiciary and the government bureaucracy; he must regain the confidence of his former allies in the labor movement; and he must find ways to

<sup>4</sup>Basically, the rebels proposed that if the government refrained from using aerial and long-range bombing and psychological warfare, the guerrillas would not resort to antipersonnel mines and booby traps, kidnappings of local civil officials, and transportation stoppages. Both sides would refrain from conscription, and from targeting combatants' and officials' relatives. In their own code language, the rebels asked that the military and the government refrain from bombing FMLN rear areas, allow guerrilla camp followers to raise their crops, respect the physical integrity of FMLN-FDR labor and student front members, and release incarcerated front activists.

<sup>5</sup>In August alone, following the presidential meeting in Guatemala, Duarte appeared on Salvadoran national television on four occasions to present his views at length. For the text of the agreement, see page 430.

<sup>6</sup>This was stated in a July 31, 1987, open letter by FDR president Guillermo Manuel Ungo and Shafick Jorge Handal of the FMLN general command to the Central American Presidents.

<sup>7</sup>Radio Venceremos broadcast of August 11, 1987, reproduced in Foreign Broadcast Information Service, Central America: El Salvador, August 14, 1987, pp. F1-F4.

cooperate with those elements in the private sector who still feel threatened by the government but who are prepared to function in a democratic regime. These problems have consequences far beyond the calculus of any electoral strategy.

## THE ALTERNATIVES

Despite the strengthened but still relatively weak position of the government, its opponents have not been able to do any better. The government's weaknesses are relative to the strengths of its opponents, and the opponents have been effective only in playing the spoiler's game. Duarte does not exaggerate when he claims that the left cannot beat him at war, nor the right at the polls. Commentators have referred to the PDC victory in the legislative elections of March, 1985, as "surprising." They seem to ignore the fact that a process of change toward democratic consolidation requires that social actors organize, adopt public political identities, compete for electoral support in terms of policy options and personalities, and deliver a convincing presentation of themselves.

The PDC is still the country's majority party. This has been shown in three different elections. The fuzzy and somewhat convoluted ideology of "the fish" (the PDC emblem) emerges as sane and reasonable when it is contrasted with the diatribes of the right wing and the guerrillas. In a nutshell, the government-military-United States alliance has mastered the only two games in town: war and elections.

The disloyal right, the most formidable short-term contender, has been left to play the role of the spoiler in human rights issues and in economic reform and reactivation. The guerrillas, the most serious long-term contenders, have done a formidable job devastating the country's infrastructure, thereby forcing the government to acknowledge them. Although neither right nor left is likely to achieve power in the near future, 1987 has witnessed not a collaboration but a simultaneity of actions and a coincidence of interests between them.

The right has no international credibility. Its best card is to attack the sloppiness and somewhat sophomoric quality of the administration's economic policies, and to offer itself as a reasonable alternative.<sup>8</sup> But that alternative has been presented in a shrill and not altogether reasonable way. In December, 1986, Carlos Borja Letona, the president of ANEP, the most militant business group, attacked the fiscal package presented by the Christian Democrats in the Assembly. Sensing that the Duarte administration was under intense pressure from the United States and from the International Monetary

Fund (IMF) to implement a program of economic austerity, Borja demanded a reduction of the 1987 budget, a renegotiation of the debt, the privatization of state enterprises, an end to subsidies for autonomous agencies and a freeze in public employment. In essence, the more conservative elements of the private sector have an economic model but have failed to elaborate a vision of a viable society to go with it.

Former Army Major Roberto D'Aubuisson's star has faded considerably, but he remains a contender. He was replaced as ARENA secretary general by a more acceptable figure, Alfredo Cristiani, a coffee planter. But the ineffable D'Aubuisson has remained active. He was rumored to be involved in a January, 1987, attempt to unseat the government through a military coup, and he is likely to remain involved in conspiracies. As a member of the large *tandona* ("symphonic") or graduating officers' school class of 1966, he still has sympathizers among the military. *Tandona* officers are near flag status and are positioned in key military jobs around the country.

However, the stars of the class, Colonel René Emilio Ponce (commander of military detachment 4), Colonel Mauricio Ernesto Vargas (chief of operations of the joint staff), and Colonel Juan Rolando Zepeda (chief of army intelligence), are not particularly close to D'Aubuisson. They were the architects of the United to Reconstruct plan launched in early 1986 and, if anything, their meddling in politics responds to an interpretation of the Salvadoran crisis different from the one formulated by ARENA. D'Aubuisson is likely to find a more convenient vehicle in shady mini-groups like the recently formed National Action Movement, which asked Duarte to resign in December, 1986.

In June, 1987, Colonel Sigifredo Ochoa resigned from the military and joined ARENA. In January, 1983, Ochoa had staged a successful revolt against President Alvaro Magaña, which resulted in the resignation of the defense minister, General José Guillermo García. Although an able battlefield commander, the controversial Ochoa eventually had to be sent overseas (for the third time in his career), and was eased out this year. He is ineligible to run for the presidency, but ARENA will make much hay of his militancy.

In essence, the private sector and the rightist parties, including the National Conciliation (PCN), the Salvadoran Institutional Action (PAISA) and the Democratic Action (AD) parties, will continue to mount a very vigorous opposition in the Assembly and to fight the gov-

(Continued on page 433)

<sup>8</sup>For a sober yet penetrating analysis of the unintended consequences of the Duarte administration's attempt to widen the tax base through a surcharge on coffee exports, see Roberto López, "La nacionalización del comercio exterior en El Salvador: Mitos y realidades en torno al café," *Occasional Paper Series*, No. 16, (Miami: Florida International University, 1987).

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*"Costa Rica faces a long, uphill battle for economic recovery and regional political stability. The Arias administration has decided that a negotiated settlement of the Nicaragua question, long opposed by the Reagan administration, is now both a prerequisite for sustained economic recovery and a real possibility under current circumstances."*

## Costa Rica's Arias at Midterm

BY LOWELL GUDMUNDSON

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**T**HE first half of President Oscar Arias Sánchez's term of office (May 1, 1986–1990) has been characterized by multiple initiatives for regional peace and a very high presidential profile in international affairs, along with a factious and ill-defined internal political and economic program. Ultimately, President Arias appears likely to reverse slightly the roles played by his predecessor, National Liberation party (NLP) President Luis Alberto Monge (1982–1986). While far more defiant of United States policy in the region, Arias may be more willing to implement real austerity and export-oriented economic policies in line with the doctrine of the Reagan administration.

The local fallout from the United States congressional hearings on the Iran-contra debacle tarnished the credibility of former President Monge and his neutrality policy, and it was likely to lead to further charges as the names of collaborators in the Monge administration were revealed.<sup>1</sup> All major parties and the media feigned ignorance and "shock," thus effectively allowing the Arias administration to pursue its own policies without fear of local right-wing criticism of anti-United States bias.

Throughout the Iran-contra affair, Arias positioned himself as a major force in any regional agreement. In pursuing his role as a regional leader, Arias began by hosting a meeting of Central American Presidents in Costa Rica's capital, San José, in February, 1987 (to which Nicaragua was not invited). Subsequently, Arias broadened his efforts by posting a new ambassador (Farid Ayales) to Managua and by convening, in cooperation with President Vinicio Cerezo of Guatemala, a gathering of all Central American leaders in Guatemala in late June. Arias toured Europe for nearly a month (May–June, 1987) to secure support for his peace plan, which was also endorsed in principle by the United States Congress. A follow-up meeting to discuss the peace plan in detail, scheduled for June 25–26, was postponed to August 6–7 by last-minute Salvadoran and Honduran

objections.<sup>2</sup> In response, President Cerezo of Guatemala conferred with his Salvadoran and Honduran counterparts, while Arias left immediately for Washington, D.C., for talks with United States Vice President George Bush.

Prospects appeared dim for a definitive agreement in the second round of meetings in August, even before the United States announced its "60-day" peace plan on the eve of the gathering. Arias's key role in the ongoing negotiations still appears certain; he was able to convince all five Central American Presidents to attend the Guatemala Conference and to sign a revised version of his peace plan on August 7.\* While implementation of the peace plan will certainly be difficult, the signing of the document was a personal triumph for Arias and his more independent foreign policy.

Rightist pressure will undoubtedly resurface, but the revelations about United States covert policy have widened the Arias administration's maneuvering room by momentarily disarming United States policymakers and local right-wing forces that are critical of concessions to the Sandinista regime.

### THE POLITICS OF PARLIAMENTARY INERTIA

President Arias named his top-level appointees only three weeks after he was elected and two-and-a-half months before his May 8 inauguration. Appointees reflected several basic tendencies. There was a latent division between neoliberals like Eduardo Lizano (Central Bank president), Fernando Naranjo (treasury minister) and Rodrigo Madrigal (foreign minister), and protectionist Social Democrats like Fernando Zumbado (housing minister), Oton Solís (planning minister) and Alberto Esquivel (agriculture minister, since resigned).

In addition, Arias showed a marked tendency to choose among "personalities" with little regard for party trajectory (somewhat pretentiously termed a policy of "meritocracy"), appointing former opposition party leaders like Madrigal and Guido Fernández (first interior minister, now ambassador in Washington) and a plethora of Arias's relatives (including his brother, Rodrigo Arias, now minister of the presidency). There was an emphasis on youth, perhaps even at the expense of experience and talent; and Arias placed women in highly

\*For excerpts from the Central American peace plan, see page 430 of this issue.

<sup>1</sup>For details, see the article by Eldon Kenworthy in this issue.

<sup>2</sup>The plan is summarized in *Central America Report*, February 20, 1987, p. 50, while United States congressional support is noted in *ibid.*, April 24, 1987, pp. 113–114.

visible but largely powerless positions; thus Victoria Garrón de Doryan, wife of the public security minister, is now a Vice President, and Rosemary Karpinsky is president of the Legislative Assembly.

On inauguration, the battle lines in the Legislative Assembly were quickly and clearly drawn between the ruling National Liberation party (PLN), with 29 seats, and the opposition Social Christian Unity party (PUSC), with 25 seats, out of a total of 57. To complicate matters, the ruling party deputies acted in unison only on issues of very limited impact. Thus, the Arias administration quickly became bogged down in a political game in which scandal and counterscandal replaced a legislative program; in any event, such a program would probably not have won the united support of the ruling party's deputies.

Of the few issues of any substance, the most relevant were postponed by a systematic policy of opposition party obstructionism. Perhaps only in its creative but troubled housing loan initiative has the Arias administration achieved any legislative success. Most important, the Arias team has been unable to push through any significant tax increases, although they are desperately needed to reach an agreement with the International Monetary Fund (IMF).

On other, lesser issues, the governing party could not close ranks and coordinate its own forces. Legislative debate on a tuna fishing agreement with the United States, heavily pushed by the United States embassy and USAID (United States Agency for International Development), dragged on endlessly during mid-1986, before it was finally revealed that the chief opponent of the bill was the majority party legislative whip charged with its passage. After a whirlwind of regrouping, profuse apologies on all sides and considerable public embarrassment, the bill was passed.<sup>3</sup> Later, during 1986 and 1987, the battle over basic grains policy was much debated in the Assembly and in the press; but it involved no legislative or party-line decision-making. Finally, the mid-1987 appointment of a new comptroller general by party-line vote threatened to set off a major conflict in the Assembly.<sup>4</sup> Once again, the opposition adopted clearly obstructionist tactics, while the ruling party leadership awaited the return of the President from his European tour before testing its tenuous party discipline.

Although elections were held in Costa Rica in February, 1986, both major parties are already jockeying for the 1990 nomination. While nearly all observers believe that the PUSC leader, Rafael Angel Calderón, will run again, his status as a two-time loser forces him to appear reticent. Taken together, all the other apparent candidates pale before a third Calderón candidacy.

<sup>3</sup>*Tico Times*, July 11, 1986.

<sup>4</sup>*La Nación*, May 28, 1987, June 5, 1987, and June 8, 1987.

<sup>5</sup>On the precandidates in the ruling party, see *Latin America Regional Reports: Mexico and Central America Report*, March 26, 1987, p. 7.

Within National Liberation, three figures have pursued what are manifestly presidential ambitions.<sup>5</sup> On the outside looking in is party leader Carlos Manuel Castillo. Because he lost two bids for the nomination in 1982 and 1986 and has no hold over party or state patronage, it is unlikely that Castillo can translate his substantial personal following in the party into victory in 1990. The front-runner, if such an individual exists, is legislative leader Alberto Fait, Arias's most serious rival in 1986.

One other party leader, General Secretary Rolando Araya, has sought a high profile. However, several factors limit his appeal as a candidate. His hold on the party secretariat is subject to doubt; many observers believe he should have given up the post in 1987 and certainly must do so in 1988. Moreover, his extreme youth, his lack of legislative experience, his less than overwhelming personal talents, and his earlier flirtations with left-wing views all tend to undermine his viability as a candidate in the near future.

During the first half of the Arias administration there was little substantive domestic political movement. What little action occurred was more a consequence of the fallout of United States congressional revelations than of serious domestic disputes. However, Arias faces both opposition party obstructionism and the lame-duck effect inherent in a regime that allows only one four-year presidential term. Past the midpoint of any administration, virtually no major policy initiatives can distract political forces from the upcoming election contest. Thus, beyond the housing construction initiative, many believe that the Arias administration has squandered precious time and will soon find its power ebbing. The opposition will be emboldened as a new election approaches, one that it seems almost certain to win (only twice, counting 1986, has the governing party been reelected since 1948, and it has never won three times in a row). And ruling party factions will direct their energies to precandidacies. Thus, barring severe shocks to Costa Rica in the interim, if Calderón is ever to be elected President of Costa Rica, 1990 would seem the likely date.

## AN ACHILLES HEEL: THE AILING ECONOMY

By 1987, Costa Rica's five years of economic recuperation had brought it back to the levels of exports achieved in 1980-1981, thanks to a generally favorable short-term financial situation. Per capita gross domestic product (GDP) had not yet recovered the levels of the mid-1970's, although a trade surplus was recorded for the first time in many years, as was a slight reduction in overall foreign debt. However, in every sector of the economy, both external and domestic, the figures were mixed or troublesome for the long term. Moreover, in key areas like traditional and nontraditional exports, foreign aid and finance, Costa Rica was experiencing wildly fluctuating conditions rather than a steady recovery.

During 1986, the government benefited from both higher coffee prices and lower oil prices, as well as favor-



able (if very short term) refinancing of much of its debt. The GDP grew at a rate of 3.2 percent during 1986, while inflation ran 14.5 percent, according to private sector sources. It was estimated that favorable price trends meant nearly \$200 million extra in hard currency for Costa Rica during 1986, including an unexpected and welcome \$53-million trade surplus, the first in nearly a generation.<sup>6</sup> However, nearly all these favorable 1986 trends were expected to change for the worse in the near future. In addition, deficit spending continues to exceed IMF prescriptions and casts a pall over negotiations for a new two-year contingency agreement.

A rise in coffee prices during 1986 was followed by an equally rapid decline in 1987. Coupled with recovering oil prices during 1987, this threatened to worsen government deficit projections dramatically. Further sharp cuts in the United States sugar quota also contributed to a somber picture for traditional exports.<sup>7</sup> Perhaps the only bright spot in the area of traditional exports was the unexpectedly rapid recovery of banana production, which had declined in 1986 because of hurricane damage on the Atlantic coast and United Brands' withdrawal from Pacific coast production in late 1985.<sup>8</sup>

Nontraditional exports, the most visible area of success in recent times, continued to present a mixed picture. The combination of President Ronald Reagan's Caribbean Basin Initiative (CBI) and the collapse of the Central American Common Market (CACM) has led Costa Rica to become far more dependent on new United States markets for future growth. Trade with the

<sup>6</sup>*Central America Report*, May 9, 1986, pp. 129-131; September 19, 1986, pp. 282-283; January 23, 1987, p. 21; February 13, 1987, p. 44; *Latin America Regional Reports: Mexico and Central America Report*, February 19, 1987, p. 4.

<sup>7</sup>*Central America Report*, January 23, 1987, p. 21. The sugar quota was cut in half for 1987, from 34,000 to 17,000 tons, reducing earnings to \$2.8 million. *La Nación*, May 26, 1987.

<sup>8</sup>In 1985, exports of bananas fell 17 percent, but they rebounded by 9 percent in 1986, to 48.5 million 40-pound boxes. Exports were expected to grow by 1.5 million boxes in 1987 and 5.8 million more during 1988, despite hurricane damage during 1986 to Standard Fruit's Atlantic coast plantations. See *Central America Report*, February 21, 1986, p. 50; April 25, 1986, p. 115; March 13, 1987.

<sup>9</sup>*La Nación*, June 1, 1987; *La República*, May 31, 1987, p. 2. The decline of Central American Common Market trade overall has been disastrous, from \$1.129 billion in 1980 to only \$360 million in 1986; *Central America Report*, April 11, 1986, pp. 97-98; February 13, 1987, p. 43.

<sup>10</sup>*Central America Report*, October 24, 1986, pp. 324-325; *La Nación*, May 19, 1986, May 21, 1986, June 4, 1986, June 5, 1986, and June 8, 1986. It was estimated that textiles earned some \$3.5 million in pants and shorts, and \$15-\$20 million in shirts, as against only \$5 million in cut flowers. *Tico Times*, May 15, 1987.

<sup>11</sup>On debt levels and rescheduling talks, see *Central America Report*, October 10, 1986, p. 310; *La Nación*, May 26, 1987; *Latin America Regional Reports: Mexico and Central America Report*, January 15, 1987, pp. 2-3.

<sup>12</sup>*Central America Report*, February 28, 1986, p. 61; *La Nación*, May 29, 1987, and June 2, 1987.

<sup>13</sup>*Ibid.*, and *Central America Report*, January 23, 1987, p. 21.

United States increased from \$557 million in 1985 to \$726 million in 1986; conversely, CACM trade diminished from \$187 million in 1985 to \$99 million in 1986.<sup>9</sup> Thus, the CBI has succeeded in Costa Rica, but perhaps more to the benefit of the United States economy and the Reagan administration's influence than to Costa Rica's independence.

Major nontraditional export activities include flowers, fresh vegetables and the newly flourishing *maquila* textile industries. However, during 1986-1987, both flower and textile exports have been subject to United States taxes and quotas, intended to slow down their growth. Since Costa Rica is not yet a full member of the General Agreement on Tariffs and Trade (GATT), it has had limited success in its appeals for redress. A sense of the importance and rate of growth of the *maquila* industry can be gained from the following figures: shirt exports rose from virtually zero in the early 1980's to over 400,000 dozen in 1986, and exports of blue jeans and shorts rose to 825,000 dozen; employment in the industry means some 30,000 to 40,000 jobs, according to industry and government sources.<sup>10</sup>

## THE DEBT

Renegotiation of the crushing debt level (variously estimated at \$4.5-\$5 billion) during 1985-1986 gave some breathing room to the early years of the Arias administration. Coupled with the coffee and oil price changes, the renegotiation allowed Costa Rica to spend roughly 40 percent rather than 50 to 60 percent of its foreign exchange on debt servicing in 1986.<sup>11</sup> However, most of the debt is on a two-year renegotiation cycle; thus, a new deal must be struck during 1987-1988. This will require a prior agreement with the IMF and the World Bank, an extremely difficult process in light of Costa Rica's repeated noncompliance in the past with deficit spending targets. Such a policy once proved feasible because of massive United States aid and United States pressure for "special treatment" for its regional ally in world monetary circles. Upcoming negotiations are unlikely to proceed as smoothly.

Deficit spending and public employment levels remain at the heart of the IMF-debt problem. Neither the Monge nor the Arias administration has been willing to cut public employment; both administrations have tended to increase it. Moreover, although relatively cautious and austere, the first Arias budget failed even to approach IMF guidelines for deficit spending. Total deficit spending was cut from 7.3 percent of GDP in 1985 to 5.7 percent in 1986, but this remained far above the IMF goal.<sup>12</sup> Deficit spending tended to increase during early 1987 because of declining foreign aid and domestic tax revenues. Administration attempts to raise new taxes, including a patently unconstitutional tax as part of the "norms" for the most recent "extraordinary" budget spending plan (June, 1987), have met with universal failure at the hands of the Legislative Assembly.<sup>13</sup>

The depth of the deficit spending problem can be seen not only in the impracticability of foreign debt payments under normal conditions, but also in terms of the spiraling internal government debt. Outdoing perhaps even the Reagan administration, the Costa Rican government has increased its bonded domestic debt from 10 billion to 33 billion colones (¢) (\$160 million to \$528 million) between 1980 and 1986. The total estimated internal debt, including unpaid state quotas (as the employer of nearly one-third of the labor force) to the Social Security health system, was some ¢67 billion (\$1.1 billion). Furthermore, in 1986, an estimated 44 percent of government spending went for salaries and 28 percent for debt interest payments; however, the Chamber of Industries estimated that interest alone would soon account for 50 percent of government spending. This would not only put unbearable pressure on funding for public works and salaries, but would also drive the private sector out of local, state-run capital markets entirely.<sup>14</sup>

Beyond featherbedding and salary costs, the single most important source of deficit spending has been the combination of subsidies to basic grain producers and below-market prices for consumers, administered by the state-run National Production Council (CNP). CNP losses alone approached one billion colones (\$16 million) per year.<sup>15</sup> Under pressure from lending agencies, the Arias administration has moved systematically, if fitfully, to cut its subsidies and losses in basic grains.

Shortly after taking office, Arias substantially increased consumer prices for basic grains, hoping to cut CNP losses. Thereafter, a Cabinet-level battle over basic grains policy began; eventually this led to a "musical chairs" series of resignations/reinstatements and to a remarkable outburst of peasant pressure and street violence in the capital itself. Faced with the bill, Central Bank President Lizano and Treasury Minister Naranjo advocated the liberalization of prices, an end to subsidies, and support for export-led growth. Agriculture Minister Alberto Esquivel and Planning Minister Oton Solís, as well as ex-Presidents Daniel Oduber and Rodrigo Carazo (the latter elected in 1978 as the spokesman for neoliberal, "free market" forces politically), railed against the folly of neoliberal panaceas that would eliminate Costa Rica's hard-won self-sufficiency in food production and would risk dire social consequences in the countryside if subsidized small producers were thrown into the free market.

<sup>14</sup>*La Nación*, May 17, 1987, May 29, 1987, June 3, 1987, and June 5, 1987.

<sup>15</sup>*Central America Report*, February 28, 1986, p. 61.

<sup>16</sup>On the Lizano charade and the subsidies question in general, see *Central America Report*, May 30, 1986, p. 158; October 24, 1986, p. 324; April 3, 1987, p. 97; April 24, 1987, pp. 116-117.

<sup>17</sup>On the housing shortage and construction plans, see *Central America Report*, May 16, 1986, pp. 138-139; October 10, 1986, p. 310; May 15, 1987, p. 40. Criticisms of irregularities in the housing program are reported in the *Tico Times*, July 24, 1987.

In September, 1986, in the midst of this acrimonious debate, a peasant demonstration in San José in favor of maintaining subsidies degenerated into street fighting; the police used clubs and tear gas to disperse a crowd of several thousand that was seeking refuge on the Cathedral steps. This remarkable spectacle led to what many wrongly saw as a strengthening of Esquivel's pro-subsidy position. However, during early 1987, Central Bank President Lizano used his own "resignation" to force Esquivel out and to confirm his own reinstatement and his ability to dominate regarding basic grains.<sup>16</sup> As of midyear, producer subsidies had been virtually eliminated for basic grains, while the naming of Minister of Agriculture Antonio Alvarez Desanti, a 28-year-old lawyer with no previous significant agricultural or policy experience, bears witness less to Arias's penchant for youthful Cabinet appointments and more to the need for a "yes man" in the Department of Agriculture to carry out Lizano's and Naranjo's unpopular policies.

Arias's other major policy change in terms of the economy, a major housing construction program, was far more popular. His most important campaign pledge was to build 80,000 housing units during his term in order to alleviate the severe housing shortage. It has been estimated that one-fourth of all Costa Ricans need better housing and that there is currently a deficit of approximately 100,000 housing units.<sup>17</sup> After he took office, Arias's pledge was reinterpreted many times. Did he mean 80,000 units above and beyond current construction levels (of about 16,000 per year, or 64,000 over four years), or did he simply mean the difference between existing construction and the overall goal of 80,000? If the second version were the case, then it would do little to alleviate the shortage.

The Arias team has never specifically answered the question, but it has put in place a new financing program to spur the construction of low- and middle-income housing, while continuing to build minimum-quality housing to eradicate slum squatter settlements virtually without cost. The strategy has been twofold: to cheapen construction credit through subsidies, bringing monthly payments within the reach of average family earnings; and to provide lots, basic infrastructure and some materials to the self-help programs of squatter communities. Some ¢5 billion (\$80 million) has been diverted from various government revenue sources to the housing credit bank, and untold millions to the self-help scheme, but each has its critics.

The subsidized mortgage program has targeted a level

(Continued on page 431)

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*"The political developments that have taken place in Panama during 1987 suggest that the goal of establishing a true democracy is not entirely out of reach. . . . 1987 could be a turning point in this regard, since recent events have demonstrated the willingness of the Panamanian people to take charge of their own destiny."*

## Panama's Struggle for Democracy

BY STEVE C. ROPP

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ON June 2, 1987, a seemingly routine military event took place in Panama. Colonel Roberto Díaz Herrera, cousin of the late Panamanian leader General Omar Torrijos Herrera and until that moment Chief of Staff of the Defense Forces, retired. Although unremarkable on the surface, Díaz's retirement precipitated the latest round of Panama's continuing political crisis. It triggered marches and strikes by opposition groups that could mark the imminent demise of the existing military regime and the beginning of a long-term struggle for democracy.

When Colonel Díaz's retirement was first announced, the political opposition interpreted it as a positive development. Díaz was viewed as a hard-line adherent to the leftist ideology of his mentor, General Torrijos. It was Torrijos who had established the populist military government in 1968 that is controlled by Panama's leader, General Manuel Antonio Noriega. From the standpoint of opposition groups like the Christian Democrats, Díaz's retirement suggested the potential for change in the hard-line policy within the Defense Forces, which had resisted any meaningful democratic reforms.

Opposition beliefs were correct about the importance of Díaz's retirement, but for the wrong reasons. Within a week, Díaz began a series of remarkable interviews with the opposition press, in which he confirmed previous beliefs about the criminal activities of General Noriega. Díaz suggested that General Noriega rigged the 1984 presidential elections, ordered the murder of a prominent opposition leader in 1985 and removed a civilian President in the same year. Díaz also made several new accusations; the most serious one was that Noriega was responsible for the plane crash that killed General Torrijos in 1981. Díaz also charged that Noriega had taken control of \$12 million given by the Shah of Iran to Torrijos while the Shah was in exile.

Although Colonel Díaz claimed to have confessed because of a crisis of conscience, his own motives were highly suspect. Apparently, the top four commanders in the Defense Forces had agreed in 1982 to an orderly rotation of the position of commander in chief. General Noriega had violated the provisions of this pact and had solidified his hold within the institution through the promotion of trusted allies.

Díaz's confessions unleashed a wave of public protest, unprecedented since the establishment of the military government. The National Civilianization Crusade, composed of over 100 civic groups, began to pressure for the establishment of an authentic democracy. The symbol of Crusade members was a white handkerchief or flag, which began to make regular appearances in protest marches and demonstrations. The biggest surprise during the wave of public protests was the active role played by the Roman Catholic Church. When the National Civilianization Crusade began its protests in June, church officials sponsored a mass where members of the opposition could gather with impunity. The church also came to the aid of Colonel Díaz and his family when it became clear that their lives were endangered as a result of his charges against General Noriega.

During the month of July, 1987, the level of repression by the Defense Forces against antigovernment protesters increased dramatically. In response to a series of general strikes and rallies, the government imposed a state of emergency. Riot police called the "Dobermans," who used tear gas and birdshot, were regularly unleashed against street demonstrators. In late July, a student was shot and killed in a small resort town by members of the Defense Forces, after the student made a disparaging remark about General Noriega. Government repression was directed not only at antigovernment protesters in general, but at specific opposition figures and institutions. Individual business establishments were attacked and newspapers were closed; paramilitary government units attacked the home of a long-time foe of the military, Arnulfo Arias Madrid.

As the crisis deepened, wide cracks began to appear in the government monolith. Two former Presidents, Aristides Royo and Nicolás Barletta, made public statements to the effect that they had been removed from office by the Defense Forces. Vice President Roderick Esquivel suggested that the nominal civilian President, Eric Arturo Delvalle, form an independent commission to investigate Díaz's charges against General Noriega. Perhaps the most damaging statements, because of their potential impact within the all-powerful Defense Forces, were made by another previously high-ranking military officer who had been shunted aside by Noriega. Retired



General Rubén Darío Paredes, Noriega's immediate predecessor, made an impassioned plea to his former comrades-in-arms to remove their commander in chief.

By September, it had become apparent that both the government and the opposition groups were digging in for a long haul. While the National Civilianization Crusade had experienced considerable success in undermining and discrediting General Noriega, it had not been able to achieve its ultimate goal of removing him. Partly, this failure was due to the nonviolent tactics the Crusade had chosen to achieve its goals and partly to the Crusade's inability to establish its legitimacy within the labor sector. Labor benefited considerably under military tutelage during the Torrijos years, although it had experienced serious setbacks recently. The major labor confederations, while highly critical of government policies, were equally skeptical of the opposition. Leaders of the Civilianization Crusade were viewed as businessmen intent on restoring a procedural form of democracy that would lack substantive economic benefits for the common man.

In a broader, historical perspective, Panamanian political developments during 1987 reflect a further weakening of the military-dominated system of government, which has been in power since 1968. The death of General Torrijos in 1981 removed the linchpin that had held this system of government together. After the death of Torrijos, political alliances, which had been carefully fashioned to allow the official Democratic Revolutionary party to govern, began to fall apart. However, as long as the Defense Forces remained unified, the unraveling of this system of civilian alliances remained a minor inconvenience. This scenario changed with the forced retirement of Colonel Díaz.

## ECONOMIC TRENDS

Although recent economic trends do not explain entirely the political difficulties experienced by the current military regime, they certainly play an important role. Panama's economy has been anemic since the late 1970's, characterized by low or even negative real growth rates, high unemployment, declining real wages and a burdensome national debt. The military regime traditionally relied on state-led growth and heavy government spending to guarantee its popularity; the economic downturn, however, forced changes in policy that have led to widespread discontent in the laboring class and among government employees.

Since the early 1980's, Panama's main economic problem has been dealing with its debt burden, which is one

<sup>1</sup>Gunter Koenig, "Hard Choices: The Panamanian Economy," in *Report on Panama* (Washington, D.C.: School of Advanced International Studies, Johns Hopkins University, 1987), p. 40.

<sup>2</sup>*Ibid.*, p. 41.

<sup>3</sup>*Latin American Weekly Report*, April 9, 1987.

<sup>4</sup>*Ibid.*

<sup>5</sup>*Latin American Weekly Report*, July 2, 1987.

of the highest per capita in Latin America. Panama lacks its own national currency (historically, it has used the United States dollar), so the state-led economic growth of the 1970's was financed through international borrowing. When the national debt reached 11 percent of gross domestic product in 1982, it became clear that the government policy of fueling growth through international borrowing was no longer feasible and that structural reforms were needed to increase economic efficiency.<sup>1</sup>

The financial stabilization program that Panama embarked on in 1983 at the urging of the International Monetary Fund (IMF) succeeded in reducing the national debt burden. The public sector deficit, as a percentage of gross domestic product, fell dramatically, from 11 percent in 1982 to an estimated 1.3 percent in 1986.<sup>2</sup> On the negative side, the financial stabilization program reduced the part of the government budget devoted to public sector jobs and investment, thus increasing unemployment. The absolute size of the foreign debt remained high (\$5 billion in 1986) and debt servicing accounted for 55 percent of current government expenditures.<sup>3</sup>

While Panama's debt situation has improved somewhat, the economy remains weak. A growth rate of 6 or 7 percent would allow for the absorption of new laborers into the work force, but preliminary estimates for 1986 indicated that the gross domestic product increased only by 2.8 percent in 1986. As in past years, healthy rates of growth in the dynamic service sector (banking, the Canal, and the Colón Free Zone) have been offset by difficulties in traditional economic activities. During 1986, agriculture experienced a 2 percent decline, due to weak banana and sugar exports and decreases in the production of rice and maize for local consumption. Industrial production also lagged, as Panama attempted to adopt a more export-oriented industrial growth strategy.<sup>4</sup>

An additional troubling economic development during 1986 and 1987 was a weakening of the previously healthy oil transshipment business. Decreases in Alaska North Slope oil shipments through Panama's transisthmian pipeline reduced fiscal income at a time when the country could ill afford it. This reduction was particularly ominous, since a new United States pipeline running from California to Texas will siphon off more Alaska crude oil in the near future.<sup>5</sup>

General Noriega's military-dominated regime paid a heavy political price for its efforts to implement the IMF stabilization program. In March, 1986, the labor code was revised, reducing wages and job security. Measures were taken to reduce the size of the public payroll, and drastic changes were contemplated in social security benefits. The result has been that public employees and the laboring class, once strong supporters of the military regime, have adopted a more critical stance.

The long-term problems of the Panamanian economy and the stringent measures that the government has taken to deal with them have drastically eroded the regime's support. As a result, General Noriega ceased to



heed the advice of the World Bank and the IMF when antigovernment demonstrations began in June, 1987. Rejecting further financial stabilization measures, the government has lowered the price of basic foodstuffs and has shelved planned social security reforms.<sup>6</sup> It remains to be seen whether this politically motivated return to the populist economic policies of the Torrijos era is compatible with further economic growth.

### THE PRESSURE ON NORIEGA

United States relations with Panama's military regime have deteriorated since General Noriega assumed command of the Defense Forces in 1983. The United States has remained concerned about the security of the Canal and is becoming increasingly reliant on its Panamanian military bases to further its security interests in Central America. Along with these concerns, the alleged involvement of high-ranking Panamanian military personnel in international drug trafficking and Noriega's increasingly heavy-handed approach to his domestic political opposition have led to a reassessment of the United States position. Gradually, United States policymakers have reached the conclusion that a close relationship with the Defense Forces, with the purpose of defending the Canal and promoting United States interests in Central America, could prove useful only if Noriega retired and the military withdrew from politics.

The primary catalysts for this shift in the United States position were two events that occurred in the fall of 1985. In September, the headless body of Dr. Hugo Spadafora was discovered along the Costa Rican border. Spadafora, a well-known guerrilla internationalist who had served under Omar Torrijos as vice minister of health, had been openly critical of General Noriega. Evidence suggested that Noriega plotted with several other officers to have Spadafora killed while Noriega was out of the country. The second event was the resignation two weeks later of President Nicolás Ardito Barletta. Barletta had balked at covering up the Spadafora murder. When it appeared that he might call for the formation of an independent panel to investigate the crime, the Defense Forces removed him from office.

Vice Admiral John Poindexter, United States President Ronald Reagan's special assistant for national security affairs, met privately with General Noriega in December, 1985, to discuss the affair. In June, 1986, a series of scathing articles about General Noriega appeared in *The New York Times*. These articles, quoting high government officials, discussed Noriega's alleged involvement in the drug trade, his ties to Latin American guerrilla groups, and his involvement in political repression.

By 1987, the stage had been set for a direct confrontation between United States policymakers and General

Noriega. Colonel Díaz Herrera's accusations moved the United States Senate to take action. A Senate resolution was passed, 84 to 2, which demanded that an independent Panamanian investigation be conducted into the charges against Noriega, that democracy be restored, and that the Panamanian government respect human rights. This resolution was important, not only because of its impact in Panama, but because of the unusual degree of Senate bipartisan unity it suggested. Criticism of General Noriega, which in the past had been limited to conservative Republicans, was now being voiced by liberal Democrats as well.

The Reagan administration's hardening position toward General Noriega and the Defense Forces was demonstrated in a speech made on June 30 by Assistant Secretary of State Elliott Abrams before the World Affairs Council in Washington, D.C. After stressing the fact that Panamanians would have to devise solutions to their own political problems, Abrams said:

The old complacency inside and outside of Panama over the inevitable dominance of the Panamanian Defense Forces in the nation's politics is gone. . . . Military leaders must remove their institution from politics, end any appearance of corruption and modernize their forces to carry out their large and important military tasks in defense of the [Panama] canal.<sup>7</sup>

Noriega struck back, orchestrating an attack by government employees on the United States embassy in Panama. This resulted in a suspension of the \$26 million in United States aid to Panama, until such time as the Panamanian government made restitution for the estimated \$106,000 in damages to the United States embassy. The suspension of aid was largely symbolic, since most of the \$26 million had already been received by Panama, but it was a strong signal that requests for the coming year might not be honored. In addition, the Defense Forces were affected by the termination of repairs to their equipment by the Army Logistic Maintenance Division, an embargo on supplies of tear gas and spare parts, and the suspension of a training agreement.<sup>8</sup>

In addition to these general signals of disapproval, the United States message was sent in other ways. A high-level delegation led by William Walker, the deputy assistant secretary of state for Inter-American Affairs, visited Panama in July for talks with members of the political opposition; the delegation did not meet with General Noriega. And in August, the United States Justice Department pushed ahead with its criminal investigation of General Noriega's involvement in the drug trade. A federal grand jury was called in Miami to work with the Drug Enforcement Administration. It was charged with examining evidence that General Noriega routinely demanded a 1.5 percent "protection fee" from drug dealers who used Panamanian territory to conduct their business.<sup>9</sup>

United States policy toward General Noriega and the Defense Forces was heavily influenced by recent experiences in the Philippines and Haiti. The Reagan admin-

<sup>6</sup>*Christian Science Monitor*, August 5, 1987.

<sup>7</sup>*Washington Post*, July 2, 1987.

<sup>8</sup>*The New York Times*, July 22, 1987.

<sup>9</sup>*Ibid.*, August 3, 1987.

istration believed that the Panamanian military had to be convinced that institutional survival hinged on abandonment of the very dictatorship that had long sustained it. For the military to be so convinced, the United States had to send an unambiguous message that the dictatorship could no longer rely on United States support. United States policy was also influenced by the specter of another Nicaragua. The Nicaraguan government had not received such an unambiguous message; as a result, society had been polarized, the military had been destroyed, and revolution had followed.

### NORIEGA PLAYS THE LEFTIST CARD

Reacting to the increasingly strong measures taken by the United States Congress and the Executive Branch to remove him, General Noriega attempted to rally support by attacking Yankee imperialism. In so doing, he hoped to arouse resentment of the traditionally heavy-handed role of the United States in Panamanian affairs. As the domestic crisis deepened, Noriega frequently suggested that the gringos had formed a secret alliance with a number of "bad Panamanians." These bad Panamanians, mostly members of the urban commercial elite, would stop at nothing, said Noriega, in their attempt to regain political power.

General Noriega was building on the populist legacy left by General Omar Torrijos, arguing that the Panamanian people should support his battle with the domestic opposition and its Yankee allies. Torrijos and the military had seized power from the urban commercial elite in 1968 and had implemented populist programs that undermined Panama's predominant economic status. Given this history, Noriega could claim with some credibility that his removal would result in a return to "bourgeoisie democracy."

In attempting to bolster his domestic position, General Noriega has moved further to the left with regard to his national economic policies. A Coalition of Popular Organizations (Copp) was formed to give voice to the demands of marginalized segments of the population and to answer the strictly political demands of the National Civilianization Crusade. Noriega and the General Staff listened to Copp's arguments, and partially modified national economic policies in response.<sup>10</sup>

In addition to bolstering his position with the popular sectors through economic means, Noriega attempted to fan the flames of racial hatred. Since colonial times, there has been tension between the predominately white urban elite and the black and mestizo lower classes. The controlled official press portrayed the efforts of the National Civilianization Crusade to remove Noriega as an effort to restore white supremacy.

As Torrijos did before him, General Noriega also played his "leftist card" in the international arena. The military regime had long maintained ties with countries

like Cuba and Nicaragua, ties that proved useful in the 1970's as leverage during the period of the Canal Treaty negotiations. General Noriega began to reemphasize these connections during 1986 and particularly in 1987 after the dismissal of Colonel Díaz. For example, President Daniel Ortega Saavedra of Nicaragua visited Panama in June, ostensibly to work out the details of a future Central American summit. Accompanied by his foreign minister, President Ortega reviewed troops of the Defense Forces and met with President Delvalle.

Although General Noriega has attempted to associate himself with leftist nationalism and to increase the tensions between the rich and the poor, there is scant evidence to suggest that the broad mass of the Panamanian people have been responsive. Efforts to revive traditional antagonism between the mestizo urban poor and the white urban commercial elite have largely fallen upon deaf ears. It is not so much that Panamanians fail to recognize the realities of racial and class differences in Panamanian society. Rather, there is so much contempt for General Noriega that Panamanians refuse to support him despite his support of nationalism.

### PROSPECTS FOR DEMOCRACY

With General Noriega and his friends on the General Staff digging in for the long haul, the prospects for creating a genuine democracy in Panama are seemingly fading. Nevertheless, the possibility that a combination of external pressure and developments within the Defense Forces will yield a more positive outcome cannot be dismissed. The political opposition must be encouraged by its ability to sustain a series of demonstrations and work stoppages over a period of many months. And, by refusing to restore economic and military aid, the United States government has unmistakably made clear its long-term commitment to getting rid of Noriega, thereby removing the regime's primary international base of support.

While pressure from both the domestic political opposition and the United States will undoubtedly play an important role in General Noriega's eventual removal, the position taken by officers within the Defense Forces is crucial. Should the officer corps continue to rally around Noriega, the best that can be hoped for is a standoff between the civilian opposition and the military. Short of destruction of the military itself by the opposition (as happened in Nicaragua), Panama might have to endure many more years of dictatorial rule.

A much more likely outcome, however, would be an internal military coup by mid-level officers, which would remove not only General Noriega but the entire top mili-

*(Continued on page 434)*

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**Steve C. Ropp** is the author of *Panamanian Politics* (New York: Praeger, 1982) and the coeditor, with James A. Morris, of *Central America: Crisis and Adaptation* (Albuquerque: The University of New Mexico Press, 1984).

<sup>10</sup>*Latin American Weekly Report*, August 6, 1987.

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*"As the 1980's draw to a close, Cuba's policies in Central America have failed to achieve most of what its leaders had envisioned. . . . With the exception of the Sandinista regime, which is besieged on all fronts, the insurgent movements supported by Cuba have failed to achieve their strategic goals and find themselves on the defensive."*

## Cuba's Declining Fortunes

BY JUAN M. DEL AGUILA

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THE revolutionary wave that threatened to sweep Central America in the early 1980's and bring with it an increase in Cuba's influence over the region has lost much of its appeal and intensity, and the political struggle in the region is markedly different from what it was in the recent past. The Cuban view that political change can be effected only through revolutionary violence — "armed struggle" — is at odds with the reality of a region that is slowly moving away from extremism and polarization. Warily, and with suspicion, governments and their armed opponents are trying to expand the political space so that processes of accommodation can begin in earnest. The utility of violence as the region's currency is declining; but the belief that armed confrontation can produce desirable outcomes is still held.

For Cuba, objective changes in the correlation of forces that appear to favor nonrevolutionary approaches require that it reassess its regional strategy and take into account evolving transformations. Analysts have pointed out that Cuban foreign and security policies are characterized by "strategic opportunism and tactical pragmatism," and the situation in the region forces Cuba to find the right mix between the two.<sup>1</sup>

Cuba's priorities in Central America remain largely unchanged from what they were in the early 1980's, namely, to see that the Sandinista revolution in Nicaragua survives, that its Marxist-Leninist and anti-United States character remains dominant, and that insurgencies in Guatemala or in El Salvador are capable of challenging democratic governments. Cuba and President Fidel Castro in particular no longer speak freely of the "imminent victory" of radical forces, and President Castro is probably resigned to the fact that El Salvador's insurgents are not going to shoot their way into power. On the other hand, Cuban assistance to the Sandinista regime has been substantial and in line with the stated priority of helping the revolution survive. In fashioning their state, the Sandinistas have borrowed from the Cu-

ban model, and Nicaraguan President Daniel Ortega Saavedra and others in Nicaragua's leadership value Cuba's support and solidarity. Sandinista delegations travel to Cuba frequently; Cuban leaders constantly reaffirm their "unbreakable" solidarity with Nicaragua; and there is little doubt that Cuba's ideological and emotional investments in the Nicaraguan revolution have produced some rewards.<sup>2</sup>

Through its intelligence operatives, advisers and civilian personnel stationed in Nicaragua, Cuba is able to monitor not only the internal dynamics of the Sandinista regime, but regional trends as well. It is very likely that the Cuban ambassador in Managua has direct input into those Sandinista decisions that bear on regional security matters, so that Cuba is not kept in the dark. According to former Cuban Brigadier General Rafael del Pino, who defected to the United States in May, 1987 (see below), Cuban influence over the Nicaraguan military is particularly strong, and extends into economic affairs as well. The general revealed that the fundamental role of the Cubans in Nicaragua "is to influence the Nicaraguan military in order to achieve a revolution and armed forces similar to Cuba's," and that Nicaraguan officers who resent the evident "Cubanization" of Nicaragua are often removed from their posts.<sup>3</sup> General del Pino portrays the Nicaraguan military as an organization willing to acquiesce in whatever recommendations Cuba makes, even if this limits its internal autonomy and demonstrates that the Sandinistas do not object to Cuba's intrusions into the running of their own armed forces. In short, the degree of Cuban penetration into key areas of Nicaraguan society and the regime is deep, enabling Havana to stay abreast of what its client is doing.

Cuba has intimate knowledge of Nicaragua's domestic and foreign policies, and is well aware of the disastrous economic situation in Nicaragua and of the Sandinistas' difficulties in the war against United States-supported contra forces. In addition, Cuba knows that the Soviet Union is unwilling to provide the economic assistance (particularly petroleum) that Nicaragua needs, and that Nicaragua cannot expect much help from other nations. For instance, Holland canceled a \$300-million aid package to Nicaragua on the grounds that large deliveries of Soviet weapons to Nicaragua threatened regional stability.

<sup>1</sup>See Edward Gonzalez and David Ronfeldt, *Castro, Cuba, and the World* (Santa Monica: Rand Corporation, 1986).

<sup>2</sup>"Ratifica Cuba su solidaridad con la revolución popular Sandinista," *Granma*, November, 4, 1986, p. 1.

<sup>3</sup>"Cuba Keeps Tabs on Nicaraguan Military, Defector Says," *The Miami Herald*, July 1, 1987.



ty, and other European nations have refrained from offering the kind of assistance that Nicaragua requires. Paradoxically, Nicaragua's greatest needs fall in areas where Cuba is least able to help, largely because Cuba itself faces protracted economic difficulties and does not produce sufficient industrial inputs. The evident deterioration of Nicaragua's economy affects the government's prosecution of the war, increases domestic political discontent, and imposes ever-greater sacrifices on a population that is weary and increasingly disaffected. On this score, the view from Havana is decidedly pessimistic, and its strategy must take into account how the unmitigated economic crisis affects the Sandinista regime's military performance.

To assist in the consolidation of a Marxist-Leninist, generically anti-United States, state in Central America is one of Cuba's goals in the region, but Cuba faces resistance. It is probable that Havana has reassessed its ambitions and it is willing to settle for the survival of Sandinista rule, even if the model that eventually emerges is characterized by very limited economic and political pluralism, as long as the Sandinistas remain the hegemonic force that controls basic state interests. In other words, Cuba's pragmatic approach requires that it go along with the mix of symbolic and substantive concessions that the Sandinistas may offer to their adversaries so long as these do not affect core issues of security. From a strategic standpoint, this would give the Sandinistas flexibility, preserve much of Cuba's investment in the revolution, and avoid the risks that would invariably come from a wider conflict.

## THE ARIAS PLAN

Cuba's position regarding regional peace efforts either through the Contadora plan or via the recently signed Arias plan has been consistent; Cuba is apparently willing to accept whatever Nicaragua decides to do.<sup>4</sup> So far, issues that may divide the two have not emerged publicly, but this may change because of pressures faced by Nicaragua in the future. It is evident that the Sandinista regime must consult with Cuba on a range of security issues that are part of the regional process of negotiation, like the potential removal of Cuban military advisers from Nicaragua. President Ortega reportedly obtained Fidel Castro's support for the Arias plan, but no specific commitments were made by either President regarding when or how the Cuban military presence in Nicaragua would be reduced.<sup>5</sup>

In fact, the plan does not address that issue specifically and does not prohibit military assistance from Cuba to

Nicaragua; it simply calls for negotiation among the Central American states in matters of security, verification and size of arsenals. In short, since there is nothing in the plan that prohibits Cuba from either reducing its military presence in Nicaragua substantially or providing more assistance to Nicaragua, both governments can agree publicly to the plan and Cuba will gain by not appearing to be an obstacle to negotiations.

On the other hand, the plan also calls for democratization in Nicaragua, because it requires the government to encourage an "authentic process of democratic pluralism." If this provision is carried out, it will radically change the nature of the Sandinista regime and open up opportunities for its opponents. In addition, the plan calls for a restoration of civil and political freedoms in Nicaragua, and the establishment of "a state of rights" (*un estado de derecho*). Potentially, this could mean that the Sandinistas would become just another political force and that they would have to compete in earnest with parties and groups with different political outlooks. Changing the rules of the game would threaten Sandinista hegemony and would force the Sandinistas to give up power if they were to lose a national election. For a self-appointed vanguard revolutionary party to accept an electoral defeat would be unprecedented, and the contempt that the Sandinistas have shown for democratic principles suggests that they will not be converted to democracy.

Changes that affect the Sandinistas' hegemonic position would have foreign policy consequences and could alter Cuba's ties to Nicaragua. It is inconceivable that Cuba would maintain intimate ties with a Latin American state not governed by a revolutionary party, and Cuba would have little incentive to do so. From this standpoint, Cuba's interests are best advanced by limiting any future democratization in Nicaragua to that which is sufficient to end the insurgency, so that Cuban investments are not entirely wasted. A democratic Nicaragua would neither look to Cuba for ideological inspiration nor seek its political support or military protection, and such a Nicaragua might in time deal Cuba out of the regional game. In sum, security and democracy are antithetical for Havana. Cuba's interests are not served by the genuine democratization of Nicaragua, because that would mean that still another revolutionary project ended up in the opposite camp.

Trends under way elsewhere in the region, particularly in El Salvador, do not suggest that the radical forces favored by Havana are going to achieve their principal aim, namely political power. Guerrillas of the Farabundo Martí National Liberation Front (FMLN) have neither the political support of most Salvadorans, nor are they able to defeat the regime of President José Napoleón Duarte militarily. Their strategy is to inflict as much damage as possible on the Salvadoran economy and the democratic regime, so that its will is sapped and its support eroded, but in doing so they have once more dem-

<sup>4</sup>Named after Costa Rican President Oscar Arias Sánchez. See excerpts from the text on page 440. See also the superb article by Susan Kaufman, "The Choice in Central America," *Foreign Affairs*, vol. 66, no. 1 (Fall, 1987), pp. 109-128.

<sup>5</sup>"First Reaction to Guatemala Plan," *Latin American Weekly Report*, August 27, 1987, p. 6; "Nicaragua's Ortega Flies to Havana," *The Miami Herald*, August 13, 1987.



onstrated that their commitment to violent revolution is stronger than their willingness to assume risks on behalf of a negotiated peace. Havana's support for the FMLN is essentially political and declaratory, and President Castro is not likely to hold any illusions regarding the prospective victory of his Salvadoran protégés.

The FMLN has offices in Cuba, and its spokesmen (as well as wounded guerrillas) are always welcome there, but Cuba is not going to commit substantial resources to the guerrillas. In short, "the Salvadoran rebels long ago lost their moral imperative and were beaten back as much by their own errors as by government repression" (or United States policies), and their failure is known in Havana.<sup>6</sup>

As the 1980's draw to a close, Cuba's policies in Central America have failed to achieve most of what its leaders had envisioned. Guerrillas supported by Cuba are either in retreat or are attempting to bargain their way into power through negotiations, and the dream of a regional Marxist revolution has evaporated. With the exception of the Sandinista regime, which is besieged on all fronts, the insurgent movements supported by Cuba have failed to achieve their strategic goals and find themselves on the defensive. Depending on Cuba and taking President Castro's advice are proving to be just as costly for Central American guerrillas as such actions were for their predecessors in the 1960's.

## CHANGING PERCEPTIONS

Cuba suffered additional setbacks to its image when two highly ranked military officers defected to the United States in May and June, 1987. The first to do so was Brigadier General Rafael del Pino, a national hero who had fought at the Bay of Pigs in 1961 and was subsequently involved in the war in Angola. The second defector was Major Florentino Azpillaga, the head of counter-intelligence in Czechoslovakia. The impact of these defections has been substantial both in Cuba and abroad, particularly because they have raised serious questions regarding the unity of the regime and have revealed some of the strains inside key institutions like the Armed Forces (FAR) and the Ministry of the Interior.

Cuba's regional interests were damaged by Major Azpillaga's revelations; he charged that ties between the Cuban government and General Manuel Antonio Noriega of Panama facilitate the traffic of arms from Cuba to Colombian guerrillas via Panama. Payoffs are apparently included as payment for "services provided," and Cuba is able to obtain high technology goods through similar means. Azpillaga revealed that the Cuban intelligence services are sophisticated and that Cuban agents are active among "internationalist" contingents and diplomatic missions in Europe, Africa and Latin America. His account corroborates United States suspicions regarding

the capability of Cuban intelligence services and provides more information about the ties between the Cuban government and the Colombian guerrillas.

Just as important is the fact that both Azpillaga and del Pino criticize the extravagant life-style that President Castro and other top officials have led, which is characterized by conspicuous consumption, all manner of creature comforts, and nepotism. Castro reportedly maintains residences in each of Cuba's 14 provinces and grants privileges to other top officials. The Castroite elite is largely immune from the economic crisis affecting the standard of living of the average citizen, and many of its members are rewarded for their unswerving loyalty to the President. According to both these former officials, many development projects suffer from poor planning and waste, and many officials benefit from new sources of corruption. At the root of this situation is the rampant abuse of power that leads to the institutionalization of special privileges for those at or near the top of the military, party and state hierarchies. This only induces those who are not part of the spoils system to try to get their share, and its corrosive impact produces political decay.

## MILITARY DISCONTENT

The regime prefers that Cuba be perceived abroad as a nation united behind its leaders, always ready to battle enemies at home and abroad, but the evidence provided by del Pino, Azpillaga and other former Cuban officials undercuts that image. There is growing discontent in the military, and some officers apparently entertain conspiratorial thoughts. In addition, the risks associated with the Cuban presence in Nicaragua weigh in the minds of military officers, who are already unhappy with the continuing war in Angola and do not like to see Cuba assuming additional burdens. Anti-Castro and anti-Marxist factions in the armed forces are reportedly concerned with deepening economic difficulties and evident social fatigue, but are unable to challenge the Castro brothers or to change key government policies.

The regime's outlook is affected by evident strains within the ruling group, partly because the military's unity is indispensable for the maintenance of stable rule. Disaffection may not be as deep as General del Pino asserts, but signs of discontent are clearly present. In a context where economic resources are limited, the military's ability to maintain its share of the pie is important. So far, the military has been able to obtain an adequate share of resources, but as its social responsibilities grow at home and its overseas obligations are not reduced, the military will be in a position to appropriate for itself a larger slice of the national product.

On the other hand, the military is aware of the dangers that stem from adventurism in a region where United States power is overwhelming; thus it may be attempting to restrain the political leadership. There is reason to believe that national defense is the military's first priority; policies that would involve the military in external con-

<sup>6</sup>Clifford Krauss, "Revolution in Central America?" *Foreign Affairs: America and the World*, vol. 65, no. 3 (1987), p. 572.

licts could produce a limited institutional backlash. The Angolan war in particular is draining the morale of the armed forces and is raising the costs of maintaining combat troops abroad, but fighting that war has nothing to do with national defense. In short, the behavior of the Cuban military bears watching, not only from the standpoint of systemic stability, but also because its outlook informs political decisions.

The state of relations between Cuba and the United States is no longer the key that determines the mutual behavior of either nation, but Washington's regional policies send signals to Havana, which more often than not are simply ignored. Cuba's reactions to the defections discussed above included a campaign against United States diplomats in Havana, and many of them as well as former United States officers were identified as CIA (United States Central Intelligence Agency) operatives. The United States Interests Section in Havana was identified as a haven of spies and Cuba denounced "the aggressive character, gross interference and the dangers that CIA actions mean for Cuba."<sup>7</sup> As it has frequently done in the past, Cuba attacked the CIA's alleged "biological war" against Cuba, and blamed it for introducing a number of deadly diseases into the country. Finally, the Voice of America's Radio Martí came under vitriolic criticism because its broadcasts into Cuba are seen as part of an information war waged from the United States.<sup>8</sup>

It is probable that Cuba's strong reaction is intended to deflect some of the damage brought about by the defections and by United States government criticism of its poor record on human rights. In addition, by revealing the identity of its own double agents (who allegedly worked for the CIA and Cuban state security), Cuba hoped to embarrass the administration of President Ronald Reagan. Since Major Azpillaga had revealed their identity previously to United States authorities, little was lost in telling the Cuban people who these individuals were and how committed they were to the revolution's defense. On the other hand, Cuban intelligence has suffered a major setback and its networks abroad have been compromised. No amount of nationalistic rhetoric or United States-bashing will undo the damage, but the regime has set out to reduce its impact.

For its part, the Reagan administration views Cuba as a hostile power in the region, committed to the support of the Sandinista regime and, ultimately to the destabilization of Central America. Washington initiated a campaign at the United Nations designed to put Cuba on the

<sup>7</sup>"Espionaje y contraespionaje en La Habana," *Granma Resumen Semanal*, July 13, 1987, pp. 1-2.

<sup>8</sup>"Una guerra para escuchar," *Granma Resumen Semanal*, August 16, 1987, p. 5. See also "As Ties Wither, Cuba Asserts Americans Plot to Kill Castro," *The New York Times*, July 26, 1987.

<sup>9</sup>"Human Rights in Cuba," *Current Policy No. 954* (Washington, D.C.: Bureau of Public Affairs, U.S. Department of State, 1987).

defensive on human rights issues, and it chastised the organization for failing to address the problem earlier. United States ambassador Vernon Walters charged that "no other state in Latin America approaches Cuba in its total control of its citizens' lives and in its disregard for its basic human rights," and he pointed out that the legal system fails to protect dissent and independent political action.<sup>9</sup>

On the other hand, the United States failed to obtain a majority for its position, and Cuba successfully prevented the passage of a United States-sponsored resolution condemning Cuba. Argentina, Venezuela, Colombia, Peru and Mexico, among others, sided with Cuba, and Cuba subsequently claimed that its human rights practices had been vindicated. The dispute illustrated once again that Latin American states still prefer to protect one of their own against United States criticism, even if most Latin American governments recognize that Cuba's record on human rights is among the worst in the hemisphere.

Simply put, there is little prospect for improving United States-Cuban relations in the immediate future. Havana still believes that its historical mission is to challenge real or perceived United States hegemony in the region, and for Washington "the Cuban question" is simply not a priority. Resisting United States threats is a key in Cuban foreign policy, and Cuba is not ready to renounce its revolutionary mission in order to curry favor in Washington.

## CONCLUSION

Central America is evolving out of its political crisis very slowly, partly because moderate forces are demonstrating resiliency, but violence and confrontation still have value. Regimes and insurgencies supported by Cuba are losing ground in the region and internationally, and they cannot expect Cuba to bail them out of their economic or even their strategic difficulties. For its part, Cuba no longer believes that a revolutionary process will multiply its own targets of opportunity, and it now prefers to save what it can for its own sake and that of its clients. Cuba is close to the limit of what it can do in the region, and its policies are increasingly risk-averse.

The defections of General del Pino and Major Azpillaga shook up the regime and its intelligence services and forced it to take actions to limit the damage at home and abroad. Evidence provided by these individuals suggests that the regime's vaunted unity covers up institutional and personal rifts between the political leadership and other key elites, and that inter- and intra-elite relations are characterized by suspicion, fear and, on occa-

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# BOOK REVIEWS

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## ON CENTRAL AMERICA

By Mary M. Anderberg

Consulting Editor, *Current History*

**THE CLOSEST OF ENEMIES: A PERSONAL AND DIPLOMATIC ACCOUNT OF U.S.-CUBAN RELATIONS SINCE 1957.** By Wayne S. Smith. (New York: W. W. Norton and Company, 1987. 308 pages, notes and index, \$19.95.)

Wayne Smith, who spent much of his 25-year Foreign Service career in the United States embassy in Havana and in the State Department Office of Cuban Affairs, has written a highly critical account of United States relations with Cuba from the demise of the Batista regime to the present. Since he was a witness to, or a participant in, many of the important events and Cuban-American talks during the period, Smith's book is a valuable and thought-provoking study for students of American diplomacy.

The factors that led to Castro's triumph, his embrace of Moscow, the downward trend of United States-Cuban relations between 1959 and 1961 (when the United States embassy was closed), repeated United States failures to take advantage of various Cuban overtures from the missile crisis to the present, the events surrounding the Camarioca sealift and the Mariel sealift and United States efforts to deal with Castro's African policies are traced in Smith's study and the policies of each administration from Dwight D. Eisenhower to Ronald Reagan are reviewed.

Smith concedes that Castro's "determination to breathe fire in all directions" probably made accommodation with him impossible in the early years. But he demonstrates that for many years Castro has realized that working out a *modus vivendi* with the United States would be desirable, but the United States failed to use diplomatic means to deal with him or to develop a coherent policy toward Cuba. But in Smith's view, Cuba is not just an isolated phenomenon. He believes that United States foreign policy has been undermined in recent decades by an unwillingness to employ diplomacy and an addiction to clandestine military operations as a means of obtaining our ends.

In fact, Smith writes, "these operations are not only illegal and unworthy of us but also ineffective." He also deplores the misinformation of Americans by the government. Misrepresentation became a habit during the Vietnam war and the government has continued the policy. Smith charges that the Reagan administration has "raised it [misinformation] to an art." He challenges the American people and the government to demand better.

**INTERVENTION ON TRIAL: THE NEW YORK WAR CRIMES TRIBUNAL ON CENTRAL AMERICA AND THE CARIBBEAN.** Edited by Paul Ramshaw and Tom Steers (with the assistance of Kevin Krajick). (New York: Praeger, 1987. 192 pages, maps and appendixes, \$32.95.)

In October, 1984, a war crimes tribunal on United States policy in Central America and the Caribbean was convened at Columbia University and Riverside Church in New York City by the National Lawyers Guild, the Center for Constitutional Rights, the La Raza Legal Alliance and the National Conference of Black Lawyers. These agencies believe that "sufficient preliminary evidence exists to indicate that the United States government has conducted its foreign policy in Central America and the Caribbean in violation of international and domestic law, and accepted customs." They charge that the United States has been steadily escalating an overt and covert war against the people of Nicaragua; supporting the governments of Guatemala, Honduras and El Salvador, which have been responsible for systematic human rights abuses; invading and occupying Grenada; and ignoring the jurisdiction of the World Court.

The tribunal was organized to examine the legality of these actions because the United States Congress and domestic courts had failed to do so; to hear evidence of alleged violations of United States and international law; and to hear testimony on the human suffering caused by the alleged violation of law and customs. Acknowledging that it could not enforce its judgments, the tribunal hoped "to awaken the public conscience of the people of the United States."

This volume includes excerpts from the testimony of 26 witnesses who appeared before the tribunal. Among the witnesses were United States medical doctors and social workers; Central American and North American clergymen and academics; and labor leaders and refugees from the area. The material on El Salvador deals with torture, executions and government prisons, repression of trade unions, the policy of displacement and the plight of refugees, the use of antipersonnel weapons against civilians, the effects of the war on health, the elections of 1982 and 1984, and President José Napoleón Duarte.

The testimony on Guatemala includes a review of United States intervention in that country since 1954 and descriptions of atrocities and human rights violations. The United States military buildup and domestic Honduran repression are described in the material on Honduras. The section on Nicaragua includes a re-

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## The Central American Peace Plan

*On August 5, 1987, in Guatemala City, the Presidents of the five Central American nations signed an agreement establishing a "Procedure for the Establishment of a Strong and Lasting Peace in Central America," the Central American peace plan, otherwise known as Esquipulas II. The text, translated by the Nicaraguan Foreign Ministry, follows:*

The governments of the Republic of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, determined to achieve the objectives and to develop the principles established in the United Nations Charter and the Charter of the Organization of the American States, the Document of Objectives, the Caraballeda Message for Peace, Security and Democracy in Central America, the Guatemala Declaration, the Punta del Este Communiqué, the Declaration of Panama, the Esquipulas Declaration, and the Contadora Treaty Proposal for Peace and Cooperation in Central America of July 6, 1986, have agreed on the following procedure for establishing a firm and lasting peace in Central America:

To urgently carry out, in those cases where deep divisions have resulted within society, steps for national reconciliation which would allow for popular participation with full guarantees in authentic political processes of a democratic nature based on justice, freedom and democracy. Towards this end, to create those mechanisms which, in accordance with the law, would allow for dialogue with opposition groups. For this purpose, the corresponding governments will initiate a dialogue with all unarmed internal political opposition groups and with those who have availed themselves of the amnesty.

### AMNESTY

In each Central American country, except those where the International Commission of Verification and Follow-Up determines that such a measure is not necessary, an Amnesty decree will be issued containing all the provisions for the guarantee of the inviolability of life; as well as freedom in all its forms, property and the security of the persons to whom these decrees apply. Simultaneous with the issuing of the amnesty decree by the government, the irregular forces of the respective country will place in freedom all persons in their power.

### NATIONAL RECONCILIATION

In order to verify the compliance with the commitments that the five Central American governments subscribed to by the signing of this document, concerning amnesty, cease-fire, democratization and free elections, a National Reconciliation Commission will be established whose duties will be to verify the actual carrying out in practice of the national reconciliation process, as well as the full exercise of all civil and political rights of Central American citizens guaranteed in this document. The National Reconciliation Commission will be comprised of a delegate and an alternate delegate from the executive branch; a bishop delegate and an alternate bishop delegate recommended by the Episcopal Conference, and chosen by the government from a list of three candidates which should be presented [by the conference] within a period of 15 days upon receipt of a formal invitation. This invitation will be made by the governments within five working days from the signing of this document.

The same procedure will be used to select a delegate and alternate delegate from the legally registered political opposition

parties. The said list of three [candidates] should be presented within the same above mentioned period.

In addition, each Central American government will choose an outstanding citizen, outside of public office and not pertaining to the party in power, and his respective alternate, to be part of this commission.

The decree, which puts into effect the agreements for the nomination of the members of the respective national commissions, shall be communicated immediately to the other Central American governments.

### CESSATION OF HOSTILITIES

The governments make a vehement appeal so that in the states of the area, currently suffering from the activity of irregular or insurgent groups, a cessation of hostilities be arranged. The governments of these states commit themselves to undertake all the necessary steps for achieving an effective cease-fire within the constitutional framework.

### DEMOCRATIZATION

The governments commit themselves to promote an authentic democratic, pluralist and participatory process that includes the promotion of social justice; respect for human rights, [state] sovereignty, the territorial integrity of states and the right of all nations to freely determine, without outside interference of any kind, their economic, political, and social models; and to carry out in a verifiable manner those measures leading to the establishment, or in such instances, the improvement of representative and pluralist democratic systems which would provide guarantees for the organization of political parties, effective popular participation in the decision making process, and to ensure free access to different currents of opinion, to honest electoral processes and newspapers based on the full exercise of citizens' rights.

For the purpose of verifying the good faith in the development of this democratization process, it will be understood that there shall exist complete freedom of press, television and radio. This complete freedom will include the opening and maintaining in operation of communications media for all ideological groups, and the operation of this media without prior censorship.

Complete political pluralism should be manifest. In this regard, political groupings shall have broad access to communications media, full exercise of the right to association and the right to manifest publicly the exercise of their right to free speech, be it oral, written or televised, as well as freedom of movement by members of political parties in order to proselytize.

Likewise, those governments of Central America, which have in effect a state of exception, siege, or emergency [law], shall terminate that state and re-establish the full exercise of all constitutional guarantees.

Once the conditions inherent to every democracy are estab-

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## NICARAGUA

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with the United States at large. Nicaragua remains open to Americans (indeed American travelers to Nicaragua do not even need a visa). Nicaragua is also more ambiguous politically than Cuba was at a similar period in its revolutionary metamorphosis.

The United States could alter its relationship with the Nicaraguan regime, either as a result of negotiations or of unilateral action. One United States option would be to isolate and ignore Nicaragua as far as possible. Another option would be to negotiate an accord protecting respective "security interests." The United States could commit itself to neither invading Nicaragua nor supporting groups seeking to overthrow the Sandinistas. In turn, Nicaragua could be asked to bar the Soviet Union from having a military presence in Nicaragua. Finally, the United States could accept the Nicaraguan revolution, as it accepted the Mexican revolution earlier in the century.

A less belligerent relationship between the United States and Nicaragua is likely to hinge on the situation in neighboring El Salvador. The success of insurgents in El Salvador and Guatemala (from 1980 to 1982) was important in prompting United States support for the Nicaraguan counterrevolution. United States acquiescence to the Sandinistas is likely to be dependent on the weakness of the insurgents in El Salvador, a weakness that cannot be assured.

Just how the FSLN would respond politically and economically to an end to United States pressure is difficult to predict. The Sandinistas are not going to deviate from their bid to build a socialist state. But socialism has multiple interpretations, and there will continue to be many constraints on Nicaragua. The economy is in ruins. And the nation's creditor, the Soviet Union, may not be magnanimous if Nicaragua is safe from "Yankee imperialism," especially if that safety is bought with an accord limiting the Soviet presence in Nicaragua. The nine *Comandantes de la Revolución* will have a great deal to talk about for many years. ■

## COSTA RICA

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of one-fourth of monthly family income as the point at which an average home would become accessible. But in planning a \$6,000 per month subsidized payment, program directors are assuming average incomes of \$24,000, probably a significant exaggeration of the income of those whose housing needs are not being met.

<sup>18</sup>Aid figures come from *Central America Report*, October 3, 1986, p. 303.

<sup>19</sup>Proof of Chajj's overwhelming importance to local business interests in the recent past can be deduced from the effusive praise of paid announcements by the Chamber of Agriculture and Agro-Industry. *La Nación*, June 1, 1987.

<sup>20</sup>*Central America Report*, April 25, 1986, p. 116; September 12, 1986, pp. 274-275.

Thus critics doubt the program will be effective for those who most need it, even with the current heavy subsidies.

The neighborhood self-help program for squatters has had some highly visible success stories. Critics, however, have been quick to denounce the marriage of state funds with (formerly) Trotskyite community organizing. The once-radical leftist group, the National Patriotic Committee (COPAN), has taken a leading role in facilitating community organization and state aid to several squatter settlements. Critics have pointed angrily to the irregularity of such close official-sectarian collaboration in an otherwise laudable program. Overall, the housing initiative is likely to have a significant positive impact, if not on the housing deficit in general, then certainly on the personal popularity of a President who so pointedly addressed this very basic need of the working-class population.

United States aid, the key to Costa Rica's managed recovery, continued to decline throughout 1986-1987. From a high of some \$217 million in 1985, it fell to \$190 million in 1986, and substantial declines of \$40 million-\$50 million a year are expected over the next two years, in part as a consequence of congressional appropriations cutbacks in the United States.<sup>18</sup> Total United States aid to Costa Rica between 1980 and 1986 amounted to nearly \$1 billion, or roughly one-sixth to one-fifth of total Costa Rican exports during the same period. The near certainty of declining aid levels in the future is part of the Arias team's calculations. Nevertheless, United States embassy and USAID policies and preferences continue to have a high priority. Even if aid levels were to be halved, to some \$100 million annually, this would equal nearly 10 percent of total national exports.

Of particular interest to the embassy and USAID are four interrelated issues. First, there is the general policy of promoting trade with the United States, particularly in nontraditional agriculture and industry. In this regard, the USAID-funded private sector networking agency, the Coalition for Economic Development Initiatives (CINDE), has been instrumental, as has the ever-active outgoing USAID director, Danile Chajj.<sup>19</sup> Second, a United States-sponsored tuna fishing treaty was finally pushed through the legislature in 1986 after bitter debate.

Third, a joint agreement by USAID and Notre Dame's Kellogg Institute, in conjunction with the Costa Rican government, to establish a tropical agricultural university (EARTH) was approved over local university objections. The universities objected, reportedly because the agreement represented "free" foreign exchange and heavily involved Monge administration figures, including the ex-President himself.<sup>20</sup> Finally, the privatization through sale of various Costa Rican Development Corporation (CODESA) subsidiaries continued, with very little public criticism.

Beyond these policy initiatives, the United States em-

bassy and USAID have been generally supportive of private-sector cohesion and assertiveness throughout the region.<sup>21</sup> In Costa Rica, this led to the creation of CINDE and the lavish funding of private sector "think tanks" and pressure groups. A new level of regional coordination and slavish interventionism in the name of private sector development was reached in mid-1987 when USAID subsidized, with a \$90,000 donation, the formation of a Central America and Panama Private Sector Federation and called for public bids for a project to prepare a "detailed examination of the private sector in Costa Rica . . . [as well as a] private sector development strategy paper. . . ."<sup>22</sup>

Costa Rican economic recovery has allayed the worst fears of those who lived through the devaluation debacle of 1980-1982. However, the economic stability that has been achieved in Costa Rica is based on increased dependence on nontraditional exports to the United States market, declining trade with Central America, massive injections of United States aid, and repeated renegotiation of an external debt that is simply impossible for the nation to pay without provoking recession. Managing these changing economic forces over the past six years, Presidents Monge and Arias have achieved a relative economic stability. While challenging the Reagan line diplomatically, the Arias administration has actually been more economically orthodox and export-oriented than its immediate predecessor. However, escaping the consequences of this inherent contradiction may be beyond even President Arias's considerable political talents.

## CONCLUSION

Costa Rica faces a long, uphill battle for economic recovery and regional political stability. The Arias administration has decided that a negotiated settlement of the Nicaragua question, long opposed by the Reagan administration, is now both a prerequisite for sustained economic recovery and a real possibility under current circumstances. To that end, Arias has concentrated his efforts on peacemaking. The extreme fragility of the local economy and its dependence on United States policy decisions remain Costa Rica's basic problems. Left to itself, the local economy would surely flounder; pressured by the United States, it might collapse as it did in 1980-1982. Whether bold new diplomatic initiatives will pay off, without provoking United States economic retaliation, remains the fundamental unanswered question of the Arias presidency.

It appears certain that the active diplomatic role played by Arias will not be equaled by a vigorous

<sup>21</sup>For details on this policy throughout Central America see Benjamin Crosby, "Divided We Stand, Divided We Fall: Public-Private Sector Relations in Central America," *Occasional Papers Series*, no. 10 (Miami, Fla.: Latin American and Caribbean Center, Florida International University, 1985).

<sup>22</sup>On the umbrella organization, see *La Nación*, May 29, 1987.

domestic policy. Amid permanent electioneering on the part of the major parties, crisis management will continue to characterize the Costa Rican political economy, now nearly a decade into the so-called "crisis." As political forces prepare for the 1990 presidential race, what little legislative momentum the Arias administration has achieved will likely dissipate, leaving only the housing construction scheme as its legacy.

In choosing housing as the focus for innovation, Arias characteristically sought a program designed to salvage some of the advances made by the Social Democratic welfare state, which have been threatened by massive devaluation and national impoverishment since 1980. However, the most basic question of national political economy, the direction of future growth, remains unanswered. The Arias administration has tilted slightly in the direction of neoliberalism, reducing agricultural subsidies and extolling the virtues of export-led growth. This tilt has been accompanied by a significant shift in trade relations, away from regional trade and toward increasing dependence on United States markets and suppliers. Nevertheless, most of the industrial and commercial protectionist framework remains firmly in place.

If the proponents of export-led growth and of an even closer relationship with the United States are to triumph, they will require far more than the occasional nudge in their direction given by President Arias. He seems more concerned with mediating conflicts and resisting decline than with resolving society's underlying contradictions. Future conflicts will continue to revolve around the question of the protectionist, welfare state versus the export-led, neoliberal model for economic development. Elements favoring the latter—local agro-exporters, the United States embassy and USAID, the IMF and the World Bank—have recently gained both ideological credibility and new economic clout. The Arias administration has shown a certain receptivity to neoliberal goals and policies, but it would like to preserve what can be saved from the same Social Democratic model that the neoliberal theorists see as the basic problem. ■

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## UNITED STATES POLICY

(Continued from page 404)

## CONCLUSION

This account of recent United States policy ends where it began: too focused on Nicaragua—recognizing the mythic proportions the Sandinista versus contra conflict had assumed, with "totalitarians" fighting "freedom fighters" for the future of the free world. Issues surrounding the new United States immigration law, the debt crisis and the failure of the Caribbean Basin Initiative—to cite but a few problems that bedeviled United States-Central American relations in 1987—have been ignored. The administration drew the line in Nicaragua.

In the March, 1987, debate over releasing the final installment of contra funds, one Republican Congressman

after another opened his remarks with "Mr. Speaker, I do not want to be recorded as handing Central America over to the Soviets." The wording did not vary as representative after representative delivered his remarks. Those who cared to observe Soviet behavior—and there are many in Washington paid to do that—long had commented on the Kremlin's reluctance to be drawn into Central America, a reluctance comparable to Washington's reluctance with regard to Poland. The weapons the Soviet Union has provided for the Sandinistas have been defensive in nature. No agreements have been forthcoming from Moscow to protect Nicaragua in case of a United States attack. In May, 1987, Soviet oil supplies were curbed to the point where the Sandinistas feared they might run out of fuel by September. While the Soviet Union later relented on the oil issue, the message was clear. As relayed verbally to Sandinista leaders by Boris Yeltsyn, First Secretary of the Moscow Communist party: the Kremlin intended to "begin cutting them off."

If correspondent Tad Szulc could uncover that pattern of Soviet disengagement, so could the staffs of those Congressmen who, on March 11, acted like needles stuck on a record. Congressional behavior pointed to the most notable and enduring characteristic of the policy process on this issue: the degree to which techniques borrowed from commercial advertising shaped the discourse. Calculated appeals to emotions that circumvent critical faculties; off-the-shelf policies sold as panaceas to wipe out insecurities at a stroke; deliberate downplaying of costs and risks—these are the stuff of advertising, not democratic debate.

Few find it credible, in cold logic, that arming 15,000 Nicaraguan exiles, intent on gaining control of an underdeveloped country of three million, could be the most efficacious way to halt a world power intent on tipping the geopolitical balance in its direction by subverting all of Central America. Yet Americans "bought" a policy that offered this view as its rationale. ■

## EL SALVADOR

*(Continued from page 416)*

ernment every inch of the way in economic matters. The PCN and AD have collaborated with the PDC and can adapt to democratic rules, but they seem to be declining in strength.

The reinvigorated urban presence of the left responds to a strategy that could try to return the political process to the period of late 1979-early 1980, when the left controlled the streets. Protest marches, demonstrations and takeovers of churches and public buildings are the key tactics in portraying the government as a victimizer, unresponsive to the plight of most Salvadorans and unwilling to negotiate.<sup>9</sup> The aim is not simply to produce "martyrs," creating situations that might provoke the police to

overreact, as in the takeover of the facilities of the Institute of Social Security in San Salvador, but to impede the normal functioning of the government, fomenting frequent strikes in key ministries and public enterprises.

The pivotal player in this strategy is the Unidad Nacional de Trabajadores Salvadoreños (UNTS). UNTS was able to attract the support of unions formerly allied with the government through Duarte's "social pact." Duarte's inability to deliver on his promises led them to break with the government. During 1986, UNTS was able to mobilize fairly large groups. An October, 1986, demonstration led by UNTS attracted about 50,000 people in San Salvador. But the ranks have begun to thin out. In November, 1986, dissidents who had left the Democratic Popular Union (UPD) to join UNTS denounced UNTS leaders Julio César Portillo and Marco Tulio Lima, and broke away. It is not likely that the new labor code will remedy the chaotic, alphabet-soup proliferation of unions in El Salvador. Although most workers remain unaffiliated, they are also unemployed, and labor militancy will not ebb until a reactivation leaves the purely political labor activism high and dry.

UNTS militancy is coupled with FMLN-FDR demands to negotiate a political solution to the conflict in public, with the participation of all interested sectors of the society; the guerrillas' Radio Venceremos has systematically echoed the UNTS demands. The question is not whether UNTS is a front for the FMLN or if Father Ignacio Ellacuría, the rector of the Jesuits' university, is masterminding efforts to destabilize the government. The issue is whether these potentially destabilizing efforts will recreate the climate of violence, polarization and disorder that preceded the civil war, or whether they are a harbinger of a semi-illegal, albeit desirable, incorporation of the left in the democratic process. The government has refused to engage UNTS, FENASTRAS, and the newly formed CSC, and has produced evidence of their links to the FMLN. But the government has invited the guerrillas to rejoin the political process, and it must use the evidence to highlight the unreason of some UNTS demands and the political motivations behind them, not to portray labor grievances as subversive.

It is through labor and other forms of peaceful, albeit militant, activism that the FMLN-FDR could regain a foothold in the political process. Ironically, this is likely to heighten the dominant contradiction of their alliance, which is the question of the use of violence. But the space is already there; what must be sorted out is the risk involved. Ironically, through their ability to engage in vitriolic denunciations and agitation, Portillo and Lima seem to have made the point that this incorporation is altogether possible.

## IN CONCLUSION

In this context, the resolution of the Salvadoran conflict hinges on three interrelated goals: first, the government must have the judicial, military and political means

<sup>9</sup>This could be distilled from the proceedings of a July 5, 1987, closed-door meeting of UNTS activists at the Simeón Cañas Central American University in San Salvador.



to increase democratic legitimacy and prevent a violent victory by rightist or leftist extremists; second, a political formula must be sought to facilitate a viable and legitimate reincorporation of all the democratic parties in the political process; and third, the country must continue to receive sufficient assistance to allow for a gradual recovery from man-made and natural disasters.

The Esquipulas II agreement, like the Arias plan, seems to respond to an often stated desire to remove Central America not only from the context of super-power politics but also from partisan political controversy in the United States. Esquipulas II effectively stifled the United States initiative and created a new opportunity for Central Americans to play the role of protagonists in their own conflicts.

But only Salvadorans can strengthen their democratic experiment domestically and, in an institutional and cultural sense, they still have a long way to go. Despite sustained and valiant efforts, democracy is yet to turn the corner in El Salvador. ■

## CUBA

*(Continued from page 428)*

sion, betrayal. Unable to get its way in Central America, Cuba's defiance of the United States feeds the revolutionary fires at home at a time when a crisis of confidence and a loss of ideological fervor afflict the system. Appeals to nationalism and anti-Americanism are trite formulations stemming from a harmful siege mentality, but the image of a "powerful threat from the North" is embedded in Cuban culture. Without major foreign policy successes in sight, the regime feels the need for retrenchment. ■

## PANAMA

*(Continued from page 424)*

tary leadership. The Defense Forces are now controlled by a "60's Generation" of officers like Noriega, who have been able to extend their tenure in office only by altering the military retirement law. At some future time, mid-career officers may decide that the costs they are bearing (both in personal and professional terms) to retain their generation in command positions are too high.

In addition to the personal incentives that mid-level officers have to remove their superiors, it can be argued that General Noriega has set the stage for his own demise. From the 1950's until the death of Torrijos in 1981, the military had only three commanders in chief. When Noriega broke the pact he had made with his fellow officers and sent a number of them into retirement, he established a precedent that is likely to be followed in his own case.

The strong bond that traditionally linked the commander in chief with all members of the officer corps has been broken. Once the "father figure" for a socially isolated and defensive institution, the commander in chief is

not closely tied to the corps as a whole, because of its recent explosive growth. Since 1983, structural changes within the Defense Forces have given mid-level officers the ability to use the internal coup as a "policy tool." There are now officers in command of combat units that are no longer tightly controlled by the General Staff.

If the High Command were removed through an internal military coup, it is still not clear whether the successor officer generation would be willing to return power to civilians. Over the past two decades, the military has become a powerful and self-assured political actor with a well-developed sense of its historical mission. It has participated in what a portion of Panama's population still considers a genuine process of democratization, having wrestled power from the historically dominant urban commercial elite. Thus, the removal of the Defense Forces from politics after General Noriega leaves would require a radical alteration of military thinking about its role in society.

The establishment of a stable democracy in Panama would also require that the business community and labor sector reconcile their different views of democracy. The National Civilianization Crusade (the core of the political opposition) consists largely of professional organizations and civic clubs with a business orientation; few labor unions or mass popular organizations are represented. The Crusade has adopted a strictly "procedural" view of democracy, which calls for the reorganization of government institutions along democratic lines, the subordination of the Defense Forces to civilian authority, and the restoration of civil liberties.

Unlike the National Civilianization Crusade and the business community, the labor sector believes that procedural democracy has no real meaning apart from its economic content. Its demands for any future democratic government focus on the repeal of laws enacted as a condition for receiving IMF and World Bank loans. Labor's view of what a post-Noriega democracy should look like is important, because labor confederations are increasingly powerful actors in Panamanian politics. Before 1968, the urban commercial elite dominated the political arena and could afford to ignore the demands of the weak labor sector; however, during the Torrijos years, the labor sector grew in power. Whereas the urban commercial elite could once impose its rather narrow view of democracy on labor, any attempt to do this in the late 1980's would reinforce the military-labor alliance.

For a reconciliation of these competing views of democracy, Panama's Roman Catholic Church must continue to play an active role in politics. Historically a weak institution, because the country did not have a strong rural oligarchy, the church has become active politically, while other groups have become polarized. The church's potential to serve as a bridge between business and labor interpretations of democracy can be found in its willingness to recognize the validity of both perspectives. If



the church can sell a more comprehensive vision of what democracy means to its broad national constituency, then the prospects will improve for the emergence of a stable democracy.

The political developments that have taken place in Panama during 1987 suggest that the goal of establishing a true democracy is not entirely out of reach, nor is it necessarily guaranteed by the inevitable march of history. Establishment of such a democracy will require acts of will and determination by both the political opposition and by friends of democracy within the Defense Forces and the church. The year 1987 could be a turning point in this regard, since recent events have demonstrated the willingness of the Panamanian people to take charge of their own destiny. ■

## HONDURAS

(Continued from page 412)

failure of the plan, angering liberals in the United States and Europe and increasing the nation's international isolation. The search for a peaceful solution to Central America's conflicts, while vital for Honduran economic prospects, seemed to offer more risks than hopes and once again to place the nation in a no-win situation.

Relations with individual Central American states encountered a variety of problems during 1986-1987. The unresolved border dispute, along with refugee problems and fighting along the border, contributed to tensions with El Salvador. The border dispute was being argued before the World Court at the Hague, but a final decision was not expected until 1989. Direct talks between the two nations were postponed indefinitely at the request of Honduras.

Relations with Nicaragua were dominated by the contra issue and by Honduran charges that Nicaragua was violating its border and supporting insurgent groups. Nicaragua took its complaints to the World Court, an action that embarrassed the Azcona government. Nicaragua reportedly offered to drop its case if Honduras would agree to the establishment of a demilitarized zone along the border, but Honduras showed no interest in this offer.<sup>16</sup>

Throughout the year, the two nations traded charges and countercharges. Nicaragua accused Honduras of being a United States satellite, and Honduras responded by criticizing Soviet influence in Nicaragua. Tensions were exacerbated by the presence of a massive number of Nicaraguan refugees in Honduras. Twenty-two thousand were officially registered with the United Nations, but Honduran officials estimated that the actual total might reach 200,000.<sup>17</sup>

Honduran relations with the rest of the world were less important. Several high-level delegations visited Eur-

ope, but results were generally disappointing. The President, the foreign minister and General Hernandez visited Israel, generating considerable publicity and speculation but few concrete results. Even greater comment was produced by Honduran efforts in 1987 to expand ties with the Soviet Union and Czechoslovakia. Honduras stopped short of establishing full diplomatic relations with the Soviet Union, but its effort to broaden contacts with the socialist bloc was widely seen as a signal to the United States not to take Honduras for granted.

## THE ECONOMY

By recent standards, 1986 was not a bad year for the Honduran economy. The gross domestic product (GDP) grew by 3 percent, a slight per capita decrease; the inflation rate was only 4.5 percent; the fiscal deficit was reduced by 1.5 percent; and the value of exports rose nearly 16 percent. There were even signs of new domestic investment, notably in private construction projects.

These figures, however, masked a somber reality. The continuing decline in per capita GDP meant that most Hondurans continued to live in poverty, with little hope for any improvement. Over 551,000 were unemployed and the number was growing at twice the regional average. The external debt had passed \$2.5 billion and servicing the debt consumed 30 percent of the government's budget.<sup>18</sup> Prices for most exports were depressed and were likely to remain so for the foreseeable future. Higher coffee prices contributed to the increased value of exports in 1986, but prices plummeted before the year ended. Rising petroleum prices and the falling value of the dollar, against which the Honduran currency is pegged, contributed to a growing current accounts deficit.

During the first half of 1987, the budget deficit rose steadily. Efforts to renegotiate debts with private banks or to reach an agreement with the International Monetary Fund (IMF) made little progress, and the danger of a Honduran default increased. The Azcona administration tried to deal with the problem by ordering government departments to reduce operating budgets by 10 percent, to freeze unspent allocations, to prohibit overtime and to enact a series of cost-cutting measures.<sup>19</sup> Despite these efforts, deficits continued to mount. The economy suffered a blow in early 1987 when Rosario Resources closed down El Mochito, the largest mining operation in Honduras, throwing 1,300 people out of work and costing Honduras over \$50 million in lost exports. All this contributed to Honduran efforts to expand trade and even to consider joining the General Agreement on Tariffs and Trade (GATT) (previous administrations had long resisted this action, determined to protect what domestic industry there was). By the fall of 1987, it was obvious that the 1987 economic performance would lag behind that of 1986.

In the 1980's, Honduras has found itself the focus of greatly increased international attention. But this has

<sup>16</sup>CAR, December 12, 1986, p. 278.

<sup>17</sup>FBIS, March 20, 1987, p. P20.

<sup>18</sup>CAR, June 5, 1987, p. 167, and August 7, 1987, pp. 235-236.

<sup>19</sup>CAR, June 5, 1987, p. 166.

brought the nation neither security nor prosperity. By almost every standard, the average Honduran is worse off in 1987 than he was in 1981, and the nation is less secure. Lacking faith in both friends and foes, the Azcona administration has approached the peace process with extreme wariness. By late 1987, however, it was obvious that the status quo offered only rising risks and diminished hopes. As a result, the Honduran government has begun to explore its options, while still trying to obtain all it can from the United States. Honduran caution makes it less likely that Honduras will be blamed for a collapse of the peace process, but it contributes little to the prospect that such efforts will ultimately succeed. For the most part, Hondurans seem resigned to leaving their fate in the hands of others while they struggle to survive from day to day. ■

## CENTRAL AMERICAN PEACE PLAN

*(Continued from page 430)*

lished, free, pluralist and honest elections shall be held as a joint expression of the Central American states to seek reconciliation and lasting peace for their peoples. Elections will be held for a Central American parliament, whose founding was proposed in the Esquipulas Declaration of May 25, 1986. In pursuit of the above mentioned objectives, the leaders expressed their will to progress in the formation of this parliament and agreed that the Preparatory Commission of the Central American parliament shall conclude its deliberations and submit to the Central American Presidents the respective treaty proposal within 150 days.

These elections will take place simultaneously in all the countries throughout Central America in the first half of 1988, on a date mutually agreed to by the Presidents of the Central American states. These elections will be subject to vigilance by the appropriate electoral bodies. The respective governments commit themselves to extend an invitation to the Organization of American States and to the United Nations, as well as to governments of third states, to send observers who shall bear witness that the electoral processes have been held in accordance with the strictest norms of equality, of access of all political parties to the media, as well as full guarantees for public demonstrations and other kinds of proselytizing propaganda.

The appropriate founding treaty shall be submitted for approval or ratification in the five countries so that the elections for the Central American parliament can be held within the period indicated in this paragraph. After the elections for the Central American parliament have been held, equally free and democratic elections shall be held with international observers and the same guarantees in each country, to name popular representatives to municipalities, congresses and legislative assemblies and the presidencies of the republics. These elections will be held according to the proposed calendars and within the periods established in the current political Constitutions.

## CESSATION OF FOREIGN ASSISTANCE

The governments of the five Central American states shall request the governments of the region, and the extra-regional governments which openly or covertly provide military, logistical, financial, propagandistic aid in manpower, armaments, munitions and equipment to irregular forces or insurrectionist movements to cease this aid, as an indispensable element for achieving a stable and lasting peace in the region.

The above does not include assistance for repatriation, or in lieu thereof, the reassigning of assistance necessary for those persons having belonged to these groups or forces to become re-

integrated into normal life. Likewise, the irregular forces or insurgent groups who operate in Central America will be asked to abstain, in yearnings for a true Latin American spirit, from receiving such assistance.

These petitions will be made in accordance with the provisions of the Document of Objectives regarding the elimination of arms traffic, whether it be inter-regional or extra-regional, intended for persons, organizations or groups attempting to destabilize the governments of the Central American countries.

The five countries which signed this document reaffirm their commitment to prevent the use of their own territory and to neither render or permit military or logistical support to persons, organizations, or groups attempting to destabilize the governments of the Central American countries.

## SECURITY AND VERIFICATION

The governments of the five Central American states, with the participation of the Contadora group in exercise of its role as mediator, will continue negotiations on the points still pending in the Contadora Treaty Proposal for Peace and Cooperation in Central America concerning security, verification and control.

In addition, these negotiations will entail measures for the disarmament of the irregular forces who are willing to accept the amnesty decrees.

The governments of Central America commit themselves to give urgent attention to the groups of refugees and displaced persons brought about by the regional crisis, through protection and assistance, particularly in areas of education, health, work and security, and whenever voluntary and individually expressed, to facilitate in the repatriation, resettlement and relocation [of these persons]. They also commit themselves to request assistance for Central American refugees and displaced persons from the international community, both directly through bilateral or multilateral agreements, as well as through the United Nations High Commissioner for Refugees and other organizations and agencies.

In the climate of freedom guaranteed by democracy, the Central American countries will adopt agreements permitting for the intensification of development in order to achieve more egalitarian and poverty-free societies. Consolidation of democracy presupposes the creation of a system of economic and social justice and well-being. To achieve these objectives the governments will jointly seek special economic support from the international community.

An international verification and follow-up commission will be established comprised of the Secretary Generals of the Organization of American States and the United Nations or their representatives, as well as the Foreign Ministers of Central America, of the Contadora Group and the Support Group. This commission will have the duties of verifying and following up the compliance with the commitments undertaken in this document, as well as the support and facilities given to the mechanisms for reconciliation and verification and follow-up. In order to strengthen the efforts of the International Commission of Verification and Follow-Up, the governments of the five Central American states shall issue declarations of support for [the commission's] work. All nations interested in promoting the cause of freedom, democracy, and peace in Central America can adhere to these declarations.

The five governments shall offer all the necessary facilities for full compliance with the duties of verification and follow-up of the National Reconciliation Commission of each country and of the International Commission of Verification and Follow-Up.

## IMPLEMENTATION OF AGREEMENTS

Within a period of 15 days from the signing of this document, the Foreign Ministers of Central America will meet as the Executive Committee to regulate, promote and make feasible

compliance with the agreements contained herein, and to organize the working commissions so that, henceforth, the processes leading up to compliance with the contracted commitments may be initiated within the stipulated periods by means of consultations, undertakings and other mechanisms deemed necessary. Ninety days from the signing of this document, the commitments pertaining to Amnesty, Cease-Fire, Democratization, Cessation of Assistance to Irregular Forces or Insurrectionist Movements, and the Non-Use of Territory to Invade Other States, will enter into force simultaneously and publicly as defined herein.

One-hundred-twenty days from the signing of this document, the International Commission of Verification and Follow-Up will analyze the progress [made] in the compliance with the agreements provided for herein.

After 150 days, the five Central American Presidents will meet and receive a report from the International Commission of Verification and Follow-Up and they will make the pertinent decisions.

## FINAL PROVISIONS

The points included in this document form part of a harmonious and indivisible whole. The signing of [the document] incurs an obligation, accepted in good faith, to simultaneously comply with the agreement in the established periods.

We, the Presidents of the five States of Central America, with the political will to respond to the longings for peace of our peoples, sign [this document] in the City of Guatemala, on August 7, 1987.

OSCAR ARIAS SANCHEZ  
JOSE NAPOLEON DUARTE  
VINICIO CEREZO AREVALO  
JOSE AZCONA HOYO  
DANIEL ORTEGA SAAVEDRA

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## BOOK REVIEWS

(Continued from page 429)

view of United States intervention in that country, the establishment of the National Guard and the Somoza era, the involvement of the United States Central Intelligence Agency (CIA) in the covert war, the CIA manipulation of the Atlantic coast population, the creation of the contra army and the Reagan administration's disregard of the will of Congress, techniques of destabilization employed by the United States, and the effects of the war in economic destruction and human suffering.

The testimony on Grenada concerns United States policy toward Grenada before the United States invasion and the political and social effects of the United States occupation. With regard to Cuba, the testimony concerns the United States economic blockade of Cuba, its efforts to destabilize Cuba and its limitations on United States citizens' rights to travel in Cuba.

**NICARAGUA AND THE UNITED STATES.** Edited by Andrew C. Kimmens. (New York: The H.W. Wilson Company, 1987. 267 pages and bibliography, \$9.00.)

This collection of chapters of books and articles from a wide range of periodicals provides information on the background of events leading to the present conflict and presents debates about United States and Nica-

raguan policies. It includes material on the history of United States involvement in Nicaragua and the career of General Augusto César Sandino. Eight articles deal with United States policy in the 1980's, and eight with Nicaragua's response. Five articles explore options for ending the war. There is an extensive bibliography but no index.

**COSTA RICA BEFORE COFFEE: SOCIETY AND ECONOMY ON THE EVE OF THE EXPORT BOOM.** By Lowell Gudmundson. (Baton Rouge: Louisiana State University, 1986. 204 pages, charts, tables, appendixes, bibliography and index, \$30.00.)

This study focuses on the 1840's when the impact of coffee exports began to change Costa Rica's isolated society. Gudmundson analyzes the social structures, the land tenure system, the division of labor and the distribution of wealth, and the adjustments brought about by commercial coffee cultivation.

**THE COST OF CONQUEST: INDIAN DECLINE IN HONDURAS UNDER SPANISH RULE.** By Linda Newson. (Boulder: Westview Press, 1987. 375 pages, maps, glossary, bibliography and index, \$28.50.)

On the eve of the Spanish Conquest there were probably 800,000 Indians living in Honduras. By the seventeenth century there were about 47,500 Indians in the province. This demographic study analyzes the causes of the dramatic decline of the Indian population.

**FORGING PEACE: THE CHALLENGE OF CENTRAL AMERICA.** By Richard Fagen. (New York: Basil Blackwell Inc., 1987. 161 pages, notes, appendixes, and index, \$7.95, paper; \$24.95, cloth.)

Richard Fagen's *Forging Peace: The Challenge of Central America* is the latest project of PACCA (Policy Alternatives for the Caribbean and Central America), an association of scholars whose goal is to "promote humane and democratic alternatives to present U.S. policies toward Central America and the Caribbean." In 1984, PACCA published *Changing Course: Blueprint for Peace in Central America*, which challenged the findings of the Kissinger Commission by presenting an alternative policy for Central America.

*Forging Peace* is both an extension and an elaboration of the policy alternatives introduced in *Changing Course*. Fagen argues that the current United States policy in the region is a failure in every sense. "United States policy toward Central America," says Fagen, "has been a disaster for the citizens of that war-torn region, and for the United States as well."

Fagen lays the blame for the bankruptcy of the United States' Central American policy squarely on the Reagan administration, charging that its insistence on introducing militarization into the region is "the



root of the crisis." He asserts that United States aid to the Nicaraguan contras and to the government of El Salvador not only obscures the long-term United States foreign policy objectives (democratic governments, economic growth and military stability), but increases the odds against peace in the region.

The alternative policy promoted by Fagen is a policy of "peace and development." In this scenario, the United States would have to reverse totally its Central American foreign policy. The key components of this about-face would be a major foreign aid expenditure to encourage economic growth in Central America and the removal of all military, economic and political support for military operations in Nicaragua, El Salvador and Guatemala. The result would be a "realistic" foreign policy, which supports peace and prosperity in the region through "demilitarization, development and reconciliation."

Although it is hard to find fault with Fagen's intentions and although many of his conclusions are plausible, the overall tone of this book is uneven. Fagen has a tendency to blame all the region's problems on the Reagan administration; this blatant bias not only detracts from the validity of his most plausible arguments, but leaves the reader with the impression that a total reversal of Ronald Reagan's policy would be a panacea for all the region's problems. Fagen also downplays the rationale behind the administration's misguided involvement in Nicaragua, and he does not provide adequate coverage of the Soviet presence in Central America and the unpleasant aspects of the Sandinista regime in Nicaragua. But, on the whole, *Forging Peace* is worth reading, since many of the alternatives that Fagen proposes are similar to the key components of the Central American peace plan that was announced in Guatemala on August 7, 1987.

R. Scott Bomboy

## MISCELLANEOUS

### THE SOVIET UNION UNDER GORBACHEV.

*Edited by Martin McCauley.* (New York: St. Martin's Press, 1987. 247 pages, bibliography and index, \$39.95, cloth; \$14.95, paper.)

This collection of papers was presented at a conference held on March 20 and 21, 1986, at the School of Slavonic and East European Studies at the University of London. The papers were written by various specialists on the Soviet Union and examine the main problems faced by General Secretary Mikhail Gorbachev in his effort to reform Soviet society.

A wide and varying selection of topics is covered in this collection: Gorbachev's leadership credentials; party ideology; the law; the nationality question; the Soviet economy; agriculture; foreign trade; labor and productivity; relations with East Europe; national defense; and Soviet foreign policy. Most of the specialists have presented well-researched and lively articles, and *The Soviet Union under Gorbachev* presents a comprehen-

sive overview of the problems Gorbachev faces in the future.

R.S.B.

GORBACHEV. *By Zhores A. Medvedev.* (New York: W.W. Norton and Company, Inc., 1986. 314 pages, notes, glossary and index, \$7.95, paper.)

Zhores A. Medvedev's *Gorbachev* is an informative and insightful biography of the present Soviet leader. Zhores Medvedev, who is the brother of historian Roy Medvedev, was exiled from the Soviet Union in 1973 and now lives in London. Although he is a research scientist, Medvedev has written many books on Soviet history, including a critically acclaimed biography of Yuri Andropov.

Zhores Medvedev and Mikhail Gorbachev have similar backgrounds; both are from the same generation of Soviet leaders and have strong agricultural interests. Medvedev still has contacts in the Soviet Union and, therefore, has access to official and samizdat material. He utilizes these sources, along with his considerable skills as a scientist, historian and Kremlinologist, to present a thorough and objective picture of Gorbachev and the generation of leadership he represents. Says Medvedev, "Western perception of Soviet reality is often ideologically distorted or one-sided. This makes personal experience an invaluable attribute in selecting information. The other essential quality for writing about Soviet leaders is the patience to do the kind of detective work required to uncover details about their lives."

R.S.B.

WESTERN EUROPE AND THE CRISIS IN U.S.-SOVIET RELATIONS. *Edited by Richard H. Ullman and Mario Zucconi.* (New York: Praeger Press, 1987. 135 pages and index, \$36.95.)

Six American and 26 European experts in West European affairs have contributed to this collection of prepared papers and conference remarks. The publisher claims that this is the first book "whose topic is the conflict between the U.S. and its European Allies over ties with Moscow, as it is affected by the interests and policies of West European countries." R.S.B.

ALEXANDER KERENSKY: THE FIRST LOVE OF THE REVOLUTION. *By Richard Abraham.* (New York: Columbia University Press, 1987. 503 pages, notes, index of names, and subject index, \$29.95.)

In 1966, Richard Abraham started his research into the life of Alexander Kerensky, the last Premier of the provisional government that was overthrown by Lenin and the Bolsheviks in the October Revolution of 1917. The result of this effort is *Alexander Kerensky: The First Love of the Revolution*, a meticulous biography that provides intimate details of the political career and per-

(Continued on page 448)



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# THE MONTH IN REVIEW

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*A Current History chronology covering the most important events of October, 1987, to provide a day-by-day summary of world affairs.*

## INTERNATIONAL

### Arms Control

- Oct. 9—The official Soviet newspaper *Izvestia* reports that Soviet General Secretary Mikhail Gorbachev and U.S. President Ronald Reagan will meet in the U.S. before the end of the year for arms control talks.
- Oct. 23—In Moscow, Soviet General Secretary Gorbachev says that he will not meet U.S. President Ronald Reagan at a summit meeting in Washington, D.C., because of continuing differences over U.S. proposals for testing the U.S. Strategic Defense Initiative (SDI).
- President Reagan says he will not set limits on the SDI testing program.
- Oct. 24—U.S. Secretary of State George Shultz says that a U.S.-Soviet agreement banning medium- and short-range missiles could be concluded without a summit meeting.
- Oct. 27—The Soviet Foreign Ministry announces that Soviet Foreign Minister Eduard Shevardnadze will return to Washington, D.C., to arrange for a U.S.-Soviet summit, even though differences over the U.S. SDI program remain.
- Oct. 30—President Reagan announces that on December 7, he will meet with General Secretary Gorbachev in Washington, D.C., to sign a treaty designed to eliminate short- and medium-range missiles in Europe.

### Central American Peace Plan

(See also *Inll*, *OAS*; *Costa Rica*; *El Salvador*)

- Oct. 28—The foreign ministers of the participating Central American nations end 2 days of negotiations in Costa Rica; the ministers adopt tentative guidelines (to be announced on November 5) and decide how each nation will execute and interpret the terms of the Central American peace plan.

### Commonwealth of Nations

(See also *Fiji*)

- Oct. 13—The 49 member nations open their meeting in Vancouver, Canada, where they are expected to discuss relations with South Africa and the recent coup in Fiji.
- Oct. 17—The Commonwealth meeting concludes in Vancouver. With the exception of Great Britain, the member nations endorse a statement supporting sanctions against South Africa; they are openly critical of British Prime Minister Margaret Thatcher, because she refuses to endorse the sanctions or help enforce them.

### International Monetary Fund (IMF)

- Oct. 1—In Washington, D.C., the IMF and the World Bank hold their annual meeting; the 151 governments are encouraged by U.S. proposals for easing the debt problems of third world countries.

### Iran-Iraq War

(See also *Iran*; *Iraq*)

- Oct. 4—Iran claims that the movement of its speedboat flotillas over the weekend, which was met by an apparent Saudi Arabian jet fighter response, was merely a naval exercise.
- Oct. 5—Iraqi jets hit 5 tankers taking on Iranian oil; Iran retaliates with 2 missiles that hit targets in Baghdad. Japan orders its tankers out of the Persian Gulf.
- Oct. 6—Japan decides to increase aid to Arab Persian Gulf na-

tions and to help pay for U.S. bases in the region, rather than send patrols of its own to the Gulf.

- Oct. 9—The U.S. Defense Department reports that Iranian speedboats attacked by U.S. helicopters in the Persian Gulf had "equipment . . . believed to be associated with the Stinger System" (U.S.-made anti-aircraft missiles).

- Oct. 13—In Baghdad, an Iranian missile kills 32 people and wounds 218 when it explodes near an elementary school.

Iranian vessels machine-gun a Saudi Arabian tanker near Dubai.

- Oct. 15—Outside the Kuwaiti oil terminal of Al Ahmadi, an Iranian missile hits the American-owned tanker *Sungari*, which was flying the Liberian flag.

An Iranian missile hits a U.S.-registered tanker, the *Sea Isle City*, in Kuwaiti waters; the tanker was not under U.S. protective convoy at the time.

- Oct. 18—U.S. President Ronald Reagan says he has decided on an "appropriate response" to the Iranian missile attack on the *Sea Isle City*.

- Oct. 19—U.S. destroyers shell and demolish 2 Iranian offshore oil-drilling platforms, then board and destroy radar and communications equipment on a 3d platform; U.S. President Reagan calls the action a "prudent yet restrained response."

Iran's war information office says that Iran will deliver a "crushing blow" against the U.S.

- Oct. 22—An Iranian missile severely damages Sea Island, the main Kuwaiti oil terminal.

- Oct. 26—The British Transport Ministry reports that Kuwait is registering 3 of its tankers under the British flag.

- Oct. 28—Iran says that it attacked 3 oil tankers in the Gulf near Iran; Iran vows to retaliate.

### Organization of American States (OAS)

- Oct. 7—Speaking to the OAS meeting in Washington, D.C., U.S. President Reagan says he will continue to push for \$270 million in aid for the Nicaraguan contras until a cease-fire is a reality and "full democracy is established" in Nicaragua; he calls the Central American peace plan only a "step in the right direction."

### United Nations (UN)

(See also *Ethiopia*; *Kampuchea*)

- Oct. 1—Complying with a March, 1986, requirement by the U.S., the Soviet Union further reduces its staff at the UN to 199 persons.

- Oct. 14—The General Assembly votes 117 to 21 to approve a resolution demanding the withdrawal of Vietnam from Kampuchea.

- Oct. 15—The Soviet Union announces it will pay its total \$197-million debt to the UN, including its debts for peacekeeping operations dating from 1973.

- Oct. 18—The executive board of the UN Educational, Scientific and Cultural Organization (UNESCO) votes 30 to 20 to approve Spaniard Federico Mayor Zaragoza as its director general to succeed Amadou-Mahtar M'Bow, the incumbent, who has withdrawn his name from the contest.

### AFGHANISTAN

- Oct. 9—In Kabul, a car-bomb explodes near a mosque, killing

27 people and injuring 35 others; the government blames Muslim extremists.

## **ALGERIA**

(See *Libya*)

## **ARGENTINA**

Oct. 14—The government announces a new economic austerity program designed to slow inflation and improve trade; experts believe the announcement has been triggered by defeats suffered in September elections by President Raúl Alfonsín's party and by social unrest due to the recent deterioration of Argentina's economy.

## **AUSTRIA**

Oct. 2—Foreign Minister Alois Glock says that Austria is investigating accusations that Austrian weapons, originally meant for Brazil and Libya, were diverted to Iran.

## **BELGIUM**

Oct. 15—As the result of a Flemish-French language dispute, Prime Minister Wilfried Martens offers his resignation from the Cabinet to King Baudouin.

Oct. 19—King Baudouin accepts Prime Minister Martens's resignation and asks him to form a new government.

## **BRAZIL**

(See also *Austria*)

Oct. 24—In a Rio de Janeiro hospital, a 6-year-old girl and her aunt die from radiation poisoning, becoming the first fatalities in the Goiânia radiation accident. The government says that the accident occurred last month when glowing radioactive cesium 137 powder, stolen from an abandoned piece of hospital equipment, was unwittingly passed around the city of Goiânia.

Oct. 28—Two more victims of the Goiânia accident die; officials believe as many as 243 people may have been exposed to the radioactive cesium 137.

## **BURKINA FASO**

Oct. 15—President Thomas Sankara is ousted from power in a coup led by Captain Blaise Compaoré; Captain Compaoré helped President Sankara seize power in 1983.

Oct. 16—Reports from Burkina Faso say that President Sankara and 12 other officials have been executed.

## **CANADA**

(See *U.S., Foreign Policy*)

## **CHINA**

(See also *Taiwan; U.S., Foreign Policy, Legislation*)

Oct. 1—During a demonstration for Tibetan independence in Lhasa, police clash with protesters, leaving 6 people dead; the government of China blames the riot on Tibet's leader, the Dalai Lama.

Oct. 6—Police arrest 60 people at a pro-independence demonstration in Lhasa.

Oct. 8—In response to the recent pro-independence movement in Tibet, the government expels all Western reporters from Tibet.

Oct. 20—The Communist party Central Committee confirms Prime Minister Zhao Ziyang as acting General Secretary of the Communist party congress.

Oct. 24—In Beijing, 1,936 delegates gather for the opening of the 13th Communist party congress.

Oct. 25—Speaking at the 13th party congress, Zhao Ziyang says that China must make changes in its economy along Western lines, and that the Chinese bureaucracy needs to be

overhauled and replaced with a new civil service system.

Oct. 26—At a news conference, Du Runsheng, the director of rural policy research, says that the government is considering giving peasants the legal right to buy and to sell farmland.

## **COSTA RICA**

(See also *Intl, Central American Peace Plan*)

Oct. 13—President Oscar Arias Sánchez is awarded the Nobel Peace Prize for his work in negotiating the Central American peace plan signed in Guatemala on August 7.

Oct. 14—President Arias publicly criticizes the reluctance of Nicaragua's government to enter into direct cease-fire negotiations with the Nicaraguan rebels.

## **ECUADOR**

Oct. 27—A state of emergency is declared by President León Febres Cordero after Ecuador's largest union announces a general strike for October 28; the strike is to protest the government's decision to disregard the censure by Congress of Interior Minister Luis Robles Plaza on October 1.

Oct. 29—President Febres Cordero lifts the state of emergency instituted on October 27.

## **EGYPT**

Oct. 6—President Hosni Mubarak wins a 2d presidential term in today's election; President Mubarak, who is running unopposed, receives 97 percent of the votes.

## **EL SALVADOR**

(See also *Intl, Central American Peace Plan*)

Oct. 1—Rebel leaders postpone the peace talks with the government that had been scheduled for October 4; the rebels say that they are upset about "negative" remarks made by El Salvador's President, José Napoleón Duarte.

Oct. 4—Despite threatened delays, President Duarte meets with guerrilla leaders in San Salvador; both parties say they are committed to ending the 8-year-old civil war.

Oct. 6—President Duarte says that next month he will order a cease-fire in his government's military actions against the rebels; however, the rebels state that they will not recognize Duarte's actions, calling them a demand for their surrender.

Oct. 15—In a speech at a luncheon in Washington, D.C., President Duarte says that the U.S. should halt funding to the Nicaraguan contras until January, so that the Central American peace plan will have a chance of success.

Oct. 26—Herbert Ernesto Anaya, the head of a human rights commission that has been critical of the government, is assassinated by 2 gunmen in San Salvador.

Oct. 29—The leftist guerrillas say that they will boycott peace talks scheduled for October 30 because of the assassination of Anaya.

## **ETHIOPIA**

Oct. 23—Eritrean People's Liberation Front (EPLF) rebels attack a UN-sponsored food convoy in northern Ethiopia, destroying 450 tons of grain; the EPLF claims the convoy contained military equipment, but the UN denies the charge.

## **FIJI**

(See also *Intl, Commonwealth of Nations*)

Oct. 1—Queen Elizabeth II declares that she considers the Governor General to be the legitimate authority in Fiji; earlier in the week Fiji's present ruler, Colonel Sitiveni Rabuka, said that he was replacing Queen Elizabeth as the formal head of state in Fiji.

Oct. 6—Colonel Rabuka formally declares that Fiji is a republic independent of the Commonwealth of Nations.

## FRANCE

Oct. 2—France is ordered by an international tribunal to pay \$8 million in damages to the environmental group Greenpeace. The French government was implicated in the sinking of a Greenpeace ship in 1985 that was to lead a protest against French nuclear testing in the Pacific.

## GUATEMALA

(See also *Intl, Central American Peace Plan*)

Oct. 10—In Madrid, Spain, exploratory peace talks end between representatives of the government of Guatemala and leaders of the rebel coalition.

Oct. 29—The government approves an amnesty law, which will take effect on November 5, that complies with the amnesty provisions of the Central American peace plan.

## HAITI

Oct. 1—The electoral council schedules elections for November 29.

Oct. 13—Yves Volel, one of 30 candidates in the November 29 presidential election, is assassinated in Port-au-Prince.

## HONDURAS

(See *Intl, Central American Peace Plan*)

## INDIA

(See also *Sri Lanka*)

Oct. 18—The government says that it will send 2,000 more troops to its peacekeeping force in the Jaffna peninsula of Sri Lanka; the reinforcements will give India an estimated total of 8,000 troops in Jaffna and a total of 20,000-25,000 in Sri Lanka.

## IRAN

(See *Intl, Iran-Iraq War; U.S., Foreign Policy*)

## IRAQ

(See *Intl, Iran-Iraq War*)

## ISRAEL

(See also *Romania*)

Oct. 1—Foreign Minister Shimon Peres rejects an offer from the Soviet Union to establish diplomatic interest sections in the 2 countries; Israel reportedly would like to establish full diplomatic relations with the Soviet Union.

Oct. 4—Israel and Nigeria agree to establish low-level diplomatic relations.

## JAPAN

(See also *Intl, Iran-Iraq War; U.S., Economy*)

Oct. 2—Defense Minister Yuko Kurihara announces that Japan will forgo building a Japanese-designed fighter and instead will buy modified fighters from the U.S.

Oct. 20—Prime Minister Yasuhiro Nakasone chooses former Finance Minister Noboru Takeshita as Japan's next Prime Minister; the 3 leading candidates asked Nakasone to select his successor.

Oct. 21—Japan says that it will buy and extensively modify at least 170 General Dynamics Corporation F-16 fighters; the fighters will be used to replace fighters currently in Japan's Air Self-Defense force.

## KAMPUCHEA

(See *Intl, UN*)

## KOREA, SOUTH

Oct. 10—Prominent opposition party leader Kim Young Sam declares his candidacy for President, confirming a split in the

opposition party ranks; earlier, both Kim Young Sam and the other major party figure, Kim Dae Jung, promised that only a single candidate from the Reunification Democratic party would run for President, but Kim Dae Jung is expected to declare his candidacy in the near future.

Oct. 11—Speaking about his potential presidential candidacy at a public rally in Songnam, Kim Dae Jung says that "the great majority of people want me to run," but stops short of officially announcing his candidacy.

Oct. 12—The National Assembly approves a constitution-amendment bill by a vote of 254 to 4; the measure, which must be approved by a national referendum on October 28, allows for direct presidential elections.

Oct. 21—Ruling party presidential candidate Roh Tae Woo visits the opposition party stronghold of Kwangju; during his visit, Roh is pelted by eggs and a tear-gas grenade.

Oct. 24—In a campaign appearance at Taegu, Roh's motorcade is attacked by protesters throwing firebombs; Roh escapes without injury.

Oct. 28—In today's referendum on a new constitution that will legalize a direct presidential election, 93.1 percent of the vote goes in favor of adopting the new constitution.

Opposition leader Kim Dae Jung officially announces his presidential candidacy.

## KUWAIT

(See also *Intl, Iran-Iraq War*)

Oct. 24—A bomb explodes in the offices of Pan American Airways in Kuwait; no one is injured in the blast.

## LIBERIA

(See *Intl, Iran-Iraq War*)

## LIBYA

(See *Austria*)

## MALAYSIA

Oct. 28—Lim Kit Siang, the leader of the main opposition party, is detained along with 63 other people in 2 days of arrests. The government says that it instigated the crackdown to prevent an outbreak of ethnic violence between the Malay majority and the Chinese minority groups in Malaysia.

## MEXICO

Oct. 4—The ruling Institutional Revolutionary party names Carlos Salinas de Gotari as its candidate in Mexico's presidential election in July, 1988; Salinas is almost certain of winning the election and will succeed President Miguel de la Madrid.

## NICARAGUA

(See also *Intl, Central American Peace Plan, OAS; Costa Rica; Norway; U.S., Foreign Policy*)

Oct. 1—The opposition newspaper *La Prensa*, which has been closed for 15 months, resumes publication.

Oct. 2—The Roman Catholic radio station resumes broadcasting in Managua.

Oct. 5—Leaders of the Miskito Indian guerrillas meet with representatives of the Sandinista government in Puerto Cabezas.

Oct. 9—The government declares a partial cease-fire in several small zones east of Quilali.

Oct. 19—The government tells the reopened Catholic radio station in Managua that it cannot broadcast news.

Former contra leader Edgar Chamorro returns to Nicaragua under a grant of amnesty; Chamorro left the contra forces in 1984, stating that he believed the contras were under the control of the U.S. Central Intelligence Agency.

Oct. 29—In an official statement, the Sandinista government reiterates that it will not enter direct peace negotiations with the *contra* forces.

Miskito Indian rebel leaders say that the government has backed out of an agreement to start peace talks.

#### **NIGERIA**

(See *Israel*)

#### **NORWAY**

Oct. 20—The government announces that it will increase development aid to Nicaragua by 20 percent.

#### **PANAMA**

Oct. 6—A state-run television station reports that the government will try Colonel Roberto Díaz Herrera for various crimes against the state; Herrera's accusations against Panamanian leader General Manuel Noriega have caused months of political and social unrest in Panama.

#### **PERU**

Oct. 1—Nelson Pozo Calva, director of the American Popular Revolutionary party (APRA) headquarters in Lima, is assassinated by members of the Shining Path, a radical Maoist guerrilla group; Pozo is the 54th member of APRA killed by the Shining Path in the last 2 years.

Oct. 11—President Alan García signs into law measures that will nationalize 10 private commercial banks, 17 insurance companies and 6 finance companies; Congress passed the nationalization law on September 28.

Oct. 25—President García announces an increase in the minimum wage of almost 30 percent, from 1,700 intis to 2,200 intis a month; experts believe that García is also close to implementing other economic measures, including a devaluation of the inti, to combat mounting inflation.

#### **PHILIPPINES**

(See also *U.S., Foreign Policy*)

Oct. 12—In her weekly radio address to the nation, President Corazon Aquino says that she would consider declaring martial law if it were "for the greater good of the country." Aquino's remarks are made in response to rumors about further coup attempts and about impending national strikes.

#### **POLAND**

Oct. 8—Poland's leader, General Wojciech Jaruzelski, says that a national referendum will be held later this year to gauge public support for proposed major economic changes.

Oct. 10—The government announces the agenda for extensive economic and regulatory changes. The actions will include a fundamentally different price and wage structure and a corresponding, but as yet unspecified, change in the political system; the measures are expected to cause short-term price increases and unemployment.

Oct. 24—A 2-day session of Parliament concludes with the dismissal of 12 government ministers; a 50 percent reduction in the number of senior government ministries; and the creation of a new post, minister of industry, which will be held by Jerzy Bilip. The Parliament also approves the wording of the referendum scheduled for November 29.

Oct. 26—The outlawed Solidarity union issues a *communiqué* that asks Poles to boycott the November 29 referendum; Solidarity also says that it is replacing its underground leadership organization with a national commission headed by Solidarity leader Lech Walesa.

#### **ROMANIA**

Oct. 13—In an interview, a former Romanian intelligence of-

ficial says that over several decades Israel has made payments worth several \$100 million to the Romanian government to allow Jews to emigrate.

#### **SAUDI ARABIA**

(See *Intl, Iran-Iraq War*)

#### **SOUTH AFRICA**

(See also *Intl, Commonwealth of Nations; U.S., Foreign Policy*)

Oct. 5—President P. W. Botha tells Parliament that the government is willing to permit open residential areas, but will not endorse a policy of forced integration for whites or any other racial group.

#### **SPAIN**

(See *Intl, UN*)

#### **SRI LANKA**

(See also *India*)

Oct. 5—The government says that 15 members of a group of 17 Tamil separatists, all members of the Tamil Tigers group, committed suicide while in police custody in Jaffna peninsula.

Oct. 6—Tamil Tigers kill 8 Sri Lankan soldiers and 4 policemen in response to yesterday's mass suicide; the soldiers had been taken hostage in July.

Oct. 7—In eastern Sri Lanka, ethnic Tamil guerrillas launch a series of attacks against Sinhalese civilians, killing 160 Sinhalese.

Oct. 9—Indian peacekeeping forces raid 5 Tamil Tigers camps, arresting 98 suspected guerrillas and confiscating a large cache of weapons.

Oct. 11—Tamil militants attack an Indian base in the Jaffna peninsula; according to Sri Lankan government officials, a total of 120 Tamil guerrillas have died in fighting with Indian peacekeeping forces since October 9.

Oct. 18—Indian forces capture a main Tamil guerrilla headquarters outside Jaffna and begin a house-to-house offensive on the city.

Oct. 25—Indian officials say that its peacekeeping forces have secured the city of Jaffna from Tamil rebel forces.

#### **SWEDEN**

Oct. 5—Convicted spy Stig Bergling escapes from police in Stockholm; in 1979, Bergling was found guilty of passing state secrets to the Soviet Union and was sentenced to life imprisonment.

Oct. 19—Justice Minister Sten Wickbom resigns from the government, blaming himself for the escape of convicted spy Stig Bergling.

#### **SWITZERLAND**

Oct. 18—In today's national elections, the ruling coalition retains its position in Parliament by an overwhelming majority.

#### **TAIWAN**

Oct. 14—The government announces that it will officially rescind the 38-year-old ban on travel to mainland China, allowing some of its citizens to visit relatives; members of the civil service and the military will still not be permitted to travel to China.

#### **TANZANIA**

Oct. 31—Julius Nyerere is re-elected to a 5-year term as chairman of Tanzania's ruling party.

#### **TUNISIA**

Oct. 2—President Habib Bourguiba replaces Rachid Sfar as



Prime Minister; General Zine el-Abidine Ben Ali is named as Sfar's replacement.

Oct. 8—The government executes 2 men it condemned to death in last month's trial of 90 Muslim fundamentalists.

### TURKEY

Oct. 10—The Constitutional Court upholds a complaint against the present procedure for selecting candidates for Parliament; the ruling may jeopardize general elections already scheduled for November 1.

Oct. 17—For the first time, the government officially acknowledges the existence of Kurdish guerrilla forces in Turkey; since 1984, at least 700 people have died in fighting between government forces and the guerrillas.

### U.S.S.R.

(See also *Intl, Arms Control, UN; Israel; Sweden; U.S., Foreign Policy, Politics*)

Oct. 14—Prominent Jewish dissident Vladimir Slepak is given permission to emigrate; Slepak first applied for permission to emigrate 17 years ago.

Oct. 21—Tass, the official Soviet news agency, reports that Politburo member Geidar Aliyev has retired from the Politburo because of poor health.

Oct. 29—The *Christian Science Monitor* reports that candidate Politburo member Boris Yeltsin, the leader of Moscow's Communist party, expressed a desire to resign from the Politburo at an unscheduled meeting of the Communist party Central Committee on October 21; Yeltsin also criticized Politburo member Yegor Ligachev for impeding the progress of social, economic and political reform in the Soviet Union.

Oct. 30—Sources say that Yeltsin, at the October 21 Central Committee meeting, stunned the Central Committee when he launched a verbal attack on General Secretary Gorbachev for developing a cult of personality; experts now believe that internal party problems involving Yeltsin may be responsible for the delay in scheduling a U.S.-Soviet summit for later this year.

### UNITED KINGDOM

#### Great Britain

(See *Intl, Commonwealth of Nations, Iran-Iraq War; Fiji*)

### UNITED STATES

#### Administration

Oct. 5—The Environmental Protection Agency (EPA) announces stricter rules governing excessive discharge of contaminants into the nation's water supplies.

Oct. 7—Chairman W. Eugene Mayberry and the vice chairman and the medical staff officer of the President's Acquired Immune Deficiency Syndrome (AIDS) panel resign; the White House announces that retired Admiral James Watkins will replace Mayberry.

Oct. 9—The Federal Aviation Administration (FAA) fines Braniff Incorporated \$512,000 for "operational and maintenance deficiencies" in its airline operations.

Oct. 15—It is reported today that as of October 1, the Social Security Administration has adopted a new policy that will reduce payments to some 4.3 million elderly, blind and disabled persons who receive any free assistance from churches or charitable organizations.

Secretary of Labor William Brock announces his resignation as of November 1 to aid the presidential campaign of Senator Robert Dole (R., Kan.).

Oct. 16—Secretary of Health and Human Services Otis Bowen says that the Social Security Administration will not cut

benefits to the elderly, blind and disabled as reported on October 15.

First Lady Nancy Reagan undergoes a successful modified radical mastectomy at Bethesda Naval Hospital in Maryland for cancer of the left breast.

Oct. 21—Commissioner of Immigration and Naturalization Alan Nelson says that to avoid splitting up families, the U.S. will consider deferring the deportation of some illegal aliens whose family members qualify for amnesty.

Oct. 22—In his 1st televised news conference in 7 months, President Reagan says that if people "panicked . . . it could bring on something of a recession," and that the stock market crash was only "a long overdue correction."

The President appoints investment banker Nicholas Brady to head a 3-man task force to investigate the operations of the stock exchanges.

In a statement issued during the day, President Reagan says he will meet with congressional leaders with "no preconditions . . . putting everything on the table with the exception of Social Security. . . ." Reagan also indicates a willingness to compromise on tax increases.

Oct. 26—President Reagan meets with congressional leaders at the White House to make plans for reducing the federal budget deficit by at least \$23 billion.

### Economy

Oct. 2—The Labor Department reports that the nation's unemployment rate fell to 5.8 percent in September.

Oct. 6—The New York Stock Exchange's Dow Jones Industrial Average of 30 blue chip stocks falls a record 91.55 points to 2,548.63.

Oct. 7—Most major banks raise their prime rate to 9.25 percent.

Oct. 14—The Commerce Department reports that the foreign trade deficit for August fell slightly to \$15.7 billion.

Oct. 15—Chemical Bank raises its prime rate to 9.75 percent.

Oct. 16—The Labor Department reports that its producer price index rose 0.3 percent in September.

Oct. 19—The Dow Jones Average plunges 508.32 points to 1,738.40, the biggest one-day loss in history, with a record volume of 604.3 million shares traded; the 22.6 percent decline is the worst since World War I and greater than the 12.8 percent drop in the October 28, 1929, crash that brought on the Great Depression; the Dow Jones Average has now lost nearly 1,000 points since August 25.

Worldwide exchanges also show marked declines.

Oct. 20—In roller-coaster trading, the Dow Jones Industrial Average rises a record 102.27 to 1,841.01, with a record 608.1 million shares traded, to regain part of its 508-point loss of October 19.

Federal Reserve Board Chairman Alan Greenspan says that the Federal Reserve will make money available to prevent depositor runs on any bank.

The New York Stock Exchange places some temporary restrictions on program trading under which large blocks of stock can be traded.

Oct. 21—The Dow Jones Industrial Average continues its rebound and closes at 2,027.85, up a record 186.84 points; in the last 2 days, the average has recovered over half its 508-point loss of October 19.

Oct. 22—The New York and American Exchanges announce that they will close 2 hours early for the next 3 trading days to catch up with an unprecedented volume of paperwork.

Most major banks lower their prime rate to 9 percent.

Oct. 23—The Dow Jones Average inches up 0.33 to close the week at 1,950.76, down almost 300 points for the week.

The Commerce Department reports that the nation's gross national product (GNP) grew at an annual rate of 3.8

percent in the 3d quarter of 1987.

The Labor Department reports that its consumer price index rose 0.2 percent in September.

Oct. 26—Stock prices on the Tokyo, London and Hong Kong exchanges fall sharply; the Dow Jones Average falls 156.83 points to 1,793.93.

Oct. 30—The Commerce Department reports that its index of leading economic indicators fell 0.1 percent in September.

### Foreign Policy

(See also *Intl, Arms Control, IMF, OAS; Burma; China; El Salvador; Japan; Nicaragua*)

Oct. 1—U.S. and Canadian free-trade negotiators resume talks, which again end in disagreement.

The State Department protests to the Soviet Union over the Soviet missile tests that landed dud warheads some 600 miles northwest of Hawaii.

Oct. 2—President Reagan refuses to employ additional economic sanctions against South Africa, saying that the present sanctions have not been effective.

Oct. 3—The administration formulates a list of demands that it says the Nicaraguan government must meet to prevent it from asking Congress for renewed military aid for the Nicaraguan contras.

Vice President George Bush ends his 10-day diplomatic-political trip to Europe.

Oct. 4—U.S. and Canadian negotiators agree on a tentative free-trade pact that will end all trade barriers between the U.S. and Canada by the year 2000.

Oct. 6—President Reagan meets with Japan's Crown Prince Akihito in Washington, D.C.

Oct. 20—Secretary of State Shultz ends his week-long Middle East trip, and then meets with Jordan's King Hussein in London.

Oct. 21—Secretary Shultz arrives in Moscow for discussions on an arms control agreement.

Oct. 22—The State Department announces curbs on some high technology exports to China because of China's continued sale of Silkworm missiles to Iran.

Oct. 26—President Reagan bans all imports from Iran and most U.S. exports to Iran.

Oct. 28—In the Philippines, 2 U.S. airmen are killed by assailants believed to be members of a Communist guerrilla group.

### Labor and Industry

Oct. 22—The Occupational Safety and Health Administration (OSHA) fines 5 construction companies involved in building the L'Ambiance Plaza apartment complex in Bridgeport, Connecticut, which collapsed during construction, killing 28 workers. The fine is a record \$5.2 million.

Oct. 26—The United Auto Workers (UAW) agree to a new 3-year contract with the General Motors Corporation, which protects union jobs and relaxes some union work rules.

Oct. 30—The Transportation Department approves the merger of U.S. Air Group Incorporated and Piedmont Aviation Incorporated.

### Legislation

Oct. 1—The Senate votes 55 to 44 to support amendments to the Defense Department authorization bill that will require the U.S. to adhere to the terms of the 1979 strategic arms limitations treaty, which sets weapons limits.

Oct. 2—The Senate votes 56 to 42 to approve the Defense Department authorization bill with the 2 amendments that President Reagan says will lead him to veto the measure.

Oct. 6—The Senate Judiciary Committee votes 9 to 5 against Judge Robert Bork's nomination to the Supreme Court and

sends the nomination to the full Senate.

The Senate votes 98 to 0 for an amendment to the State Department authorization bill condemning China's human rights crackdown in Tibet; however, the administration supports the Chinese position over the recent unrest in Tibet.

The House votes 407 to 5 and the Senate votes 90 to 3 to approve separate sanction bills that call for a total ban on all imports from Iran.

Oct. 9—Judge Robert Bork announces that he will not withdraw his name from consideration as a nominee to the Supreme Court.

President Reagan continues his efforts to secure the Bork nomination.

Oct. 13—The Senate votes 85 to 11 to confirm C. William Verity Jr. as Commerce Secretary.

President Reagan says that if Bork is not confirmed by the Senate, he will name another nominee who will upset the Democrats "just as much" as Bork did.

Oct. 19—After 40 years in the Senate, Senator John Stennis (D., Miss.) announces he will not seek reelection in 1988.

Oct. 21—The full Senate begins confirmation hearings on Judge Bork's nomination to the Supreme Court.

Oct. 23—The Senate votes 58 to 42 to reject Bork's nomination to the Supreme Court; this is the largest vote ever to reject any Court nominee.

### Military

Oct. 15—It is reported that one of the Air Force's top secret Stealth bombers crashed October 14 near its Nevada airbase; no details have been released.

Oct. 26—The Air Force successfully launches a Titan 34 D rocket with a satellite, after 2 years of unsuccessful launch attempts.

### Politics

Oct. 1—Television evangelist Pat Robertson officially declares that he is a candidate for the Republican presidential nomination in 1988.

Oct. 2—In Brussels, Vice President George Bush praises the skill of Soviet tank mechanics and is promptly censured by the United Auto Workers (UAW) for suggesting that the Soviet mechanics should be sent "to Detroit."

Oct. 10—Civil rights leader Jesse Jackson formally announces his candidacy for the Democratic presidential nomination in 1988.

Oct. 12—Vice President George Bush formally announces his candidacy for the Republican presidential nomination in 1988.

### Supreme Court

Oct. 5—The Supreme Court opens its fall term; the Court will hear 21 new cases.

Oct. 29—President Reagan nominates Justice Douglas H. Ginsburg from the U.S. Appeals Court for the District of Columbia for the vacant position on the Supreme Court.

### VATICAN

Oct. 1—A Synod of Bishops opens in Saint Peter's Basilica. The meeting is scheduled to continue until October 30.

Oct. 17—The Vatican says that it will restore the legal standing of rebel French Archbishop Marcel Lefebvre and his followers.

Oct. 30—The Synod of Bishops concludes without taking action on a proposal to open nonordained functions to women.

### VIETNAM

(See *Intl, UN*)

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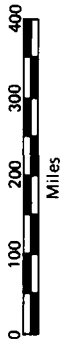
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sonal life of the man who was known as "the Leader of the Intelligentsia." This is a valuable work, noteworthy not only for Abraham's elaboration of Kerensky's role in the events of 1917, but also for his effort to compile first-hand accounts of this important period of modern history. R.S.B. ■

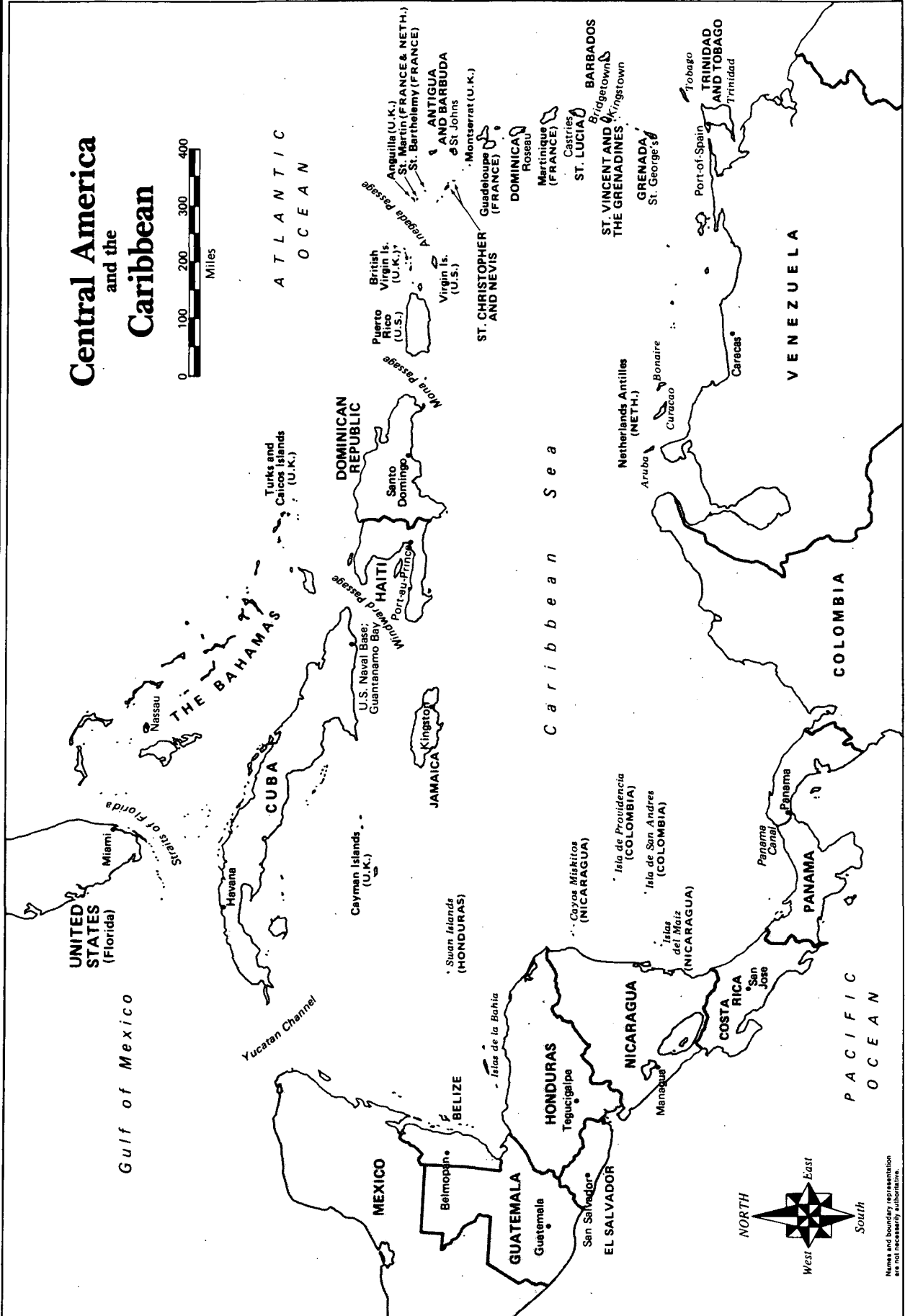
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